APPENDIX 11
ATTACHMENT 4

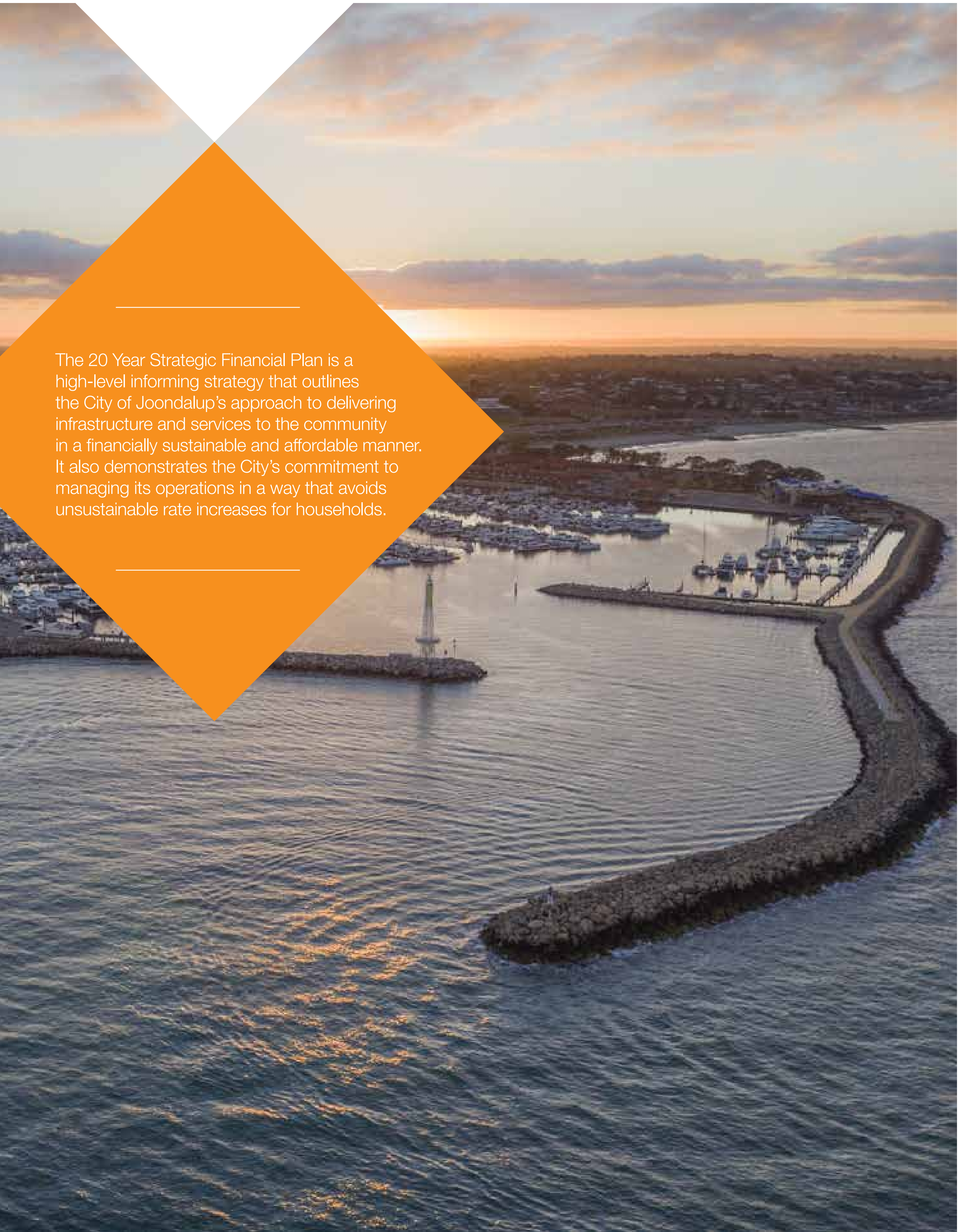
City of Joondalup

UPDATED MAY

2018

# 20 Year Strategic Financial Plan

2017/18 to 2036/37



The 20 Year Strategic Financial Plan is a high-level informing strategy that outlines the City of Joondalup's approach to delivering infrastructure and services to the community in a financially sustainable and affordable manner. It also demonstrates the City's commitment to managing its operations in a way that avoids unsustainable rate increases for households.

# Contents

# 1. Executive Summary

The *20 Year Strategic Financial Plan* is a high-level informing strategy that outlines the City of Joondalup's approach to delivering infrastructure and services to the community in a financially sustainable and affordable manner. It also demonstrates the City's commitment to managing its operations in a way that avoids unsustainable rate increases for households.

Some of the key outcomes of the 2018 update of the *20 Year Strategic Financial Plan* are:

**Rate Increases**
Average increase of 3.56% from 2018/19 to 2021/22 instead of 3.9% in the previous plan.

**Employment Costs**
Average increase of 2.0% from 2018/19 to 2021/22 instead of 2.7% in the previous plan.

**Investment**
Capital Expenditure of $1.3 billion, comprising of $0.8 billion on renewal of existing infrastructure and $0.5 billion on upgrade/new Infrastructure.

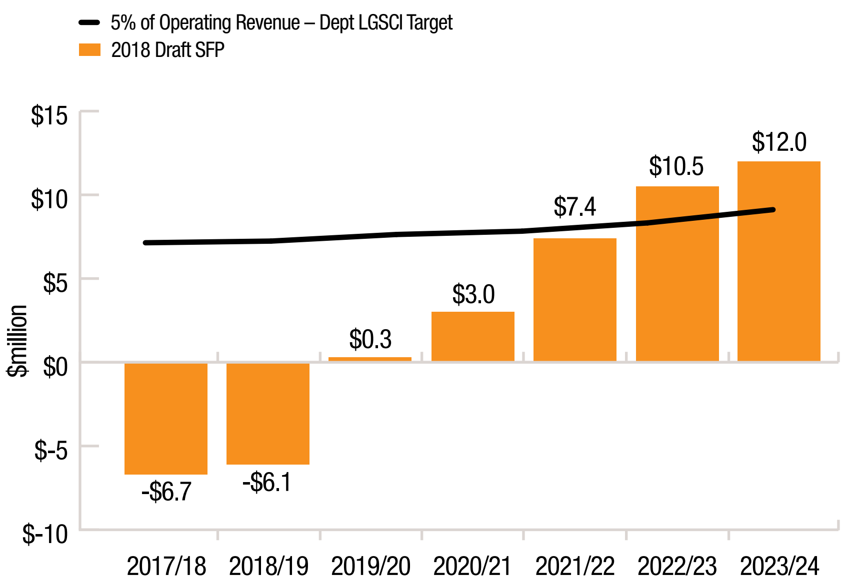
**Borrowings**
New borrowings of $25m, which is $69m less than the $94m borrowings projected in the previous plan.

**Financial Sustainability**
46 out of 60 key ratios are achieved, four more than the previous plan, the improvement is due to the operating projections.

**Operating Result**
Surplus is now expected to be achieved in 2020/21, this is two years earlier than the previous plan.

**Chart 1 – Operating Projections 2017/18 to 2023/24**

OPERATING SURPLUS/(DEFICIT)




The City has incurred an operating deficit for most of the past few years, and in 2018/19 is projecting a further deficit of $6.1m. The City has recognised the need to address the operating deficit and there are several assumptions included in the plan which will help the City move to surplus, as shown on Chart 1. Whilst the projections are positive, the City needs to maintain the momentum and continue to review current services and fees to ensure it is providing optimum value for money to the Community and is financially sustainable.

# 2. Introduction

## 2.1 Purpose

The *20 Year Strategic Financial Plan* is a high-level informing strategy that outlines the City of Joondalup's approach to delivering infrastructure and services to the community in a financially sustainable and affordable manner. It also demonstrates the City's commitment to managing its operations in a way that avoids unsustainable rate increases for households. *The 20 Year Strategic Financial Plan* achieves this by projecting the City's financial position over a 20 year period, based on a range of conservative assumptions and estimates. The new plan included in this document covers the years 2017/18 to 2036/37 and is referred to as the *20 Year Strategic Financial Plan*. The Previous Plan covers the years 2016/17 to 2035/37, was presented to the Finance Committee in August 2017 but was not adopted by Council.

## 2.2 Integrated Planning/Reporting Framework and Guiding Principles

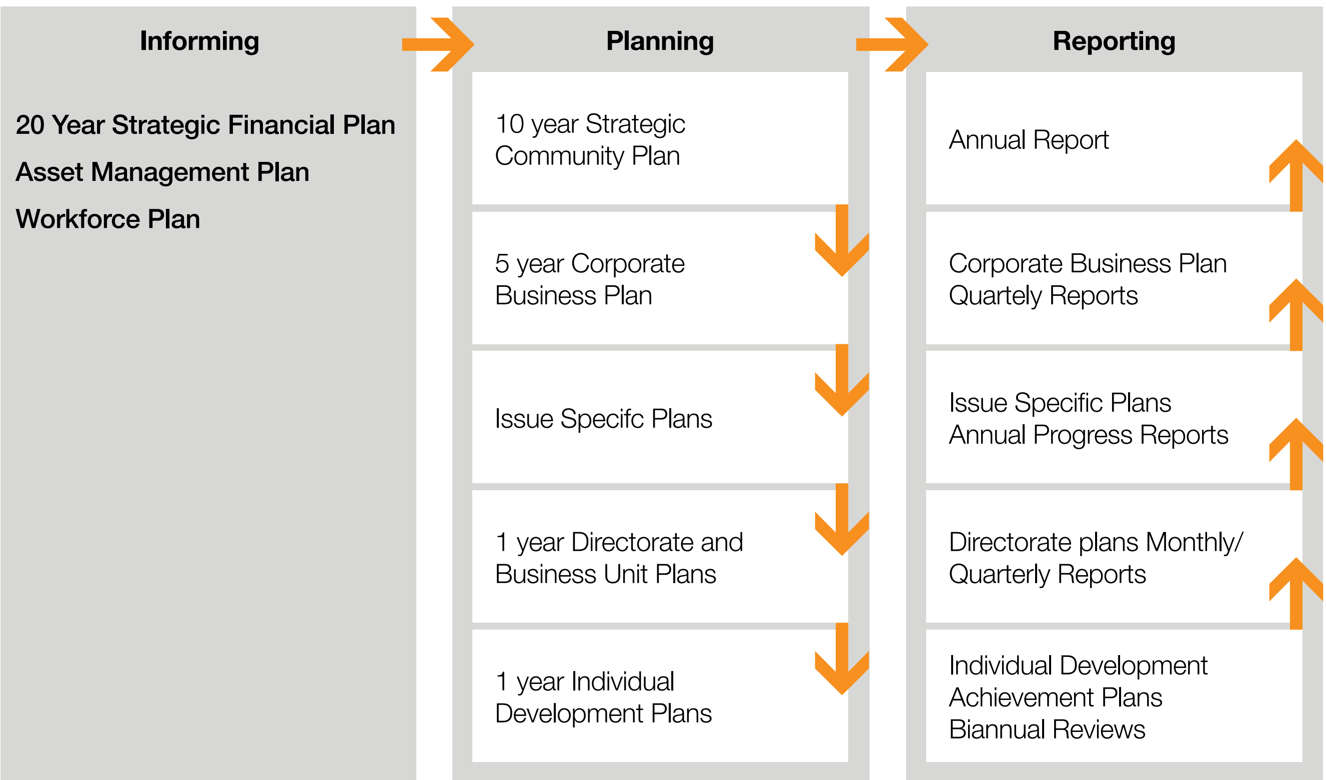
The Department of Local Government, Sport and Cultural Industries have issued a guideline and *Advisory Standard* to support the development of long term financial management plans, of which the City's *20 Year Strategic Financial Plan* is aligned to. For financial management, performance against the Advisory Standard is measured through key performance indicators.

The Advisory Standard has been used by the City to develop its own Guiding Principles which are reviewed annually and shown in Appendix 1. The Guiding Principles include six basic principles, core assumptions and explanation of three key ratios used by the City to evaluate the plan. All the Guiding Principles are important, but the fundamental principal in preparing the projections is to be prudent, and the most important key ratio is the Operating Surplus Ratio.

## 2.3 Planning Alignment

The *20 Year Strategic Financial Plan* forms part of the Integrated Planning Framework, as shown on Chart 2 below. The Budget for 2018/19 forms the baseline for the projections and the update *20 Year Strategic Financial Plan* has been synchronised with the annual budget cycle. The Capital Works Program 2018/19 to 2022/23 also forms a key part of the projections.

Chart 2 – Integrated Planning Framework



## 2.4 City Profile and Key Statistics

**Table 1 – City of Joondalup Key Statistics**

### Joondalup Headline Statistics

**Number of businesses ABS 2017**

**13,201**

**$5.96 BILLION**

**Headline Gross Regional Product (NEIR 2017)**

**2018 (Forecast ID)**

**POPULATION 162,742**

**DISTANCE FROM PERTH CITY CENTRE**

**30KM**

**369**

**Public Open Spaces**

The City of Joondalup is located 30 kilometres north of the Perth CBD, abutting the Indian Ocean in the west, City of Wanneroo in the north and east and City of Stirling in the south. After experiencing significant residential growth throughout the 1980s and 1990s, the City's population has since stabilised as development areas have become built out. However the north-west region is experiencing large growth in population and this will affect services located in the City.

## 2.5 Services

The City provides an extensive range of services to the community, including but not limited to:

- Waste management (statutory)
- Building and Planning approvals (statutory)
- Environmental health services (mostly statutory, immunisations are discretionary)
- Community development, education and youth services (mostly discretionary)
- Library services (majority statutory)
- Festivals, concerts and other cultural events (discretionary)
- Leisure and recreation services and facilities (all discretionary)
- Parking, Rangers and community safety (some services statutory e.g. dog/cats)
- Infrastructure management including roads, footpaths and street lighting (statutory)
- Parks and natural areas and management of the environment (mostly statutory)
- Economic development (discretionary)

The *20 Year Strategic Financial Plan* has been prepared on the basis of the City continuing to deliver the above-mentioned services to the same level and standard.

## 2.6 Disclaimer

Readers of the *20 Year Strategic Financial Plan* should note that the document is used predominately as a planning tool and is based on many assumptions. Adoption of the *20 Year Strategic Financial Plan* by Council does not constitute a commitment or agreement to any of the projects or proposals that have not already been approved or the financial estimates and projections. The plan will continue to be updated annually.

## 2.7 How The Plan is Prepared and Presented

There are four sets of assumptions used to build up the projections:

- External Environment (Section 3)
- Operating Income and Expenses (Section 4)
- Capital Expenditure (Section 5)
- Source and Application of Funds (Section 6)

Section 7 evaluates the risk/ sensitivity and Section 8 summarises the key ratios/outcomes. There are four Financial Statements to comply with the Integrated Planning Framework and four Supporting Schedules to provide more detail on assumptions, capital expenditure and reserves.

**Business growth has slowed down recently there is further potential for increased business growth in the medium and long-term.**

# 3. Economic Indicators

## 3.1 National and State Indicators

Table 2 summarises the key projections at both National and State level. The Federal Budget (May 2018) showed an improved budget position compared to previous budget, and achieving a surplus one year earlier in 2019/20 (albeit a very small surplus) than previously projected. Nevertheless the current economic position both federally and at state level is still fragile, with a current budget deficit, sluggish wages growth and sluggish growth in household consumption. Indeed the fragility of the economy is demonstrated with the lack of movement of the RBA cash rate at 1.50%, and it appears increasingly unlikely that this will increase any time soon due to the concerns that increases may have on consumption, housing investment and the overall economy.

The forecasts at both Federal and State level indicate higher wages growth in the next couple of years, but these appear optimistic. The West Australian economy contracted in 2016/17 but is showing more positive signs as it is in a period of transition from the resources construction boom. Unemployment remains high but is forecast to reduce to levels which are considered more acceptable.

## 3.2 City of Joondalup Key Indicators

The City will see moderate population increases across the City however; the greatest impacts are likely to be driven by significant regional population growth. This will place added pressure on the City to provide increased employment, health, entertainment and educational opportunities to support the needs of a growing regional population. Business growth has slowed down recently there is further potential for increased business growth in the medium and long-term.

## Table 2 – National and State Indicators

| | Source | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 |
|---|---|---|---|---|---|---|
| **Economic and Social Indicators** | | | | | | |
| Gross Domestic Product (GDP) | Federal Budget May 2018 | 2.75% | 3.00% | 3.00% | 3.00% | 3.00% |
| Gross State Product | State Budget May 2018 | 2.50% | 3.25% | 3.75% | 3.00% | 3.00% |
| Unemployment Rate: WA | State Budget May 2018 | 5.75% | 5.75% | 5.50% | 5.25% | 5.00% |
| Population Growth: WA | State Budget May 2018 | 1.00% | 1.20% | 1.50% | 1.80% | 2.00% |
| **Price Indices and Cost Drivers** | | | | | | |
| CPI Australia | Federal Budget May 2018 | 2.00% | 2.25% | 2.50% | 2.50% | 2.50% |
| CPI WA | State Budget May 2018 | 2.00% | 2.25% | 2.50% | 2.50% | 2.50% |
| Local Government Cost Index | WALGA Economic Update March 2018 | 1.90% | 1.80% | 2.20% | | |
| Wages Price Index WA | State Budget May 2018 | 1.50% | 1.75% | 2.75% | 3.00% | 3.25% |
| **Financial Indicators** | | | | | | |
| RBA Cash Rate | City of Joondalup Estimate | 1.50% | 1.50% | 1.50% | 2.00% | |
| WATC Borrowing Rate (10 Years) | WATC March 2018 | 3.74% | 3.97% | 4.16% | 4.37% | 4.58% |
| Earnings on Cash | City of Joondalup Estimate | | | 2.91% | 3.12% | 3.58% |

## Table 3 – City of Joondalup Key Indicators

| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Economic and Social Indicators** | | | | | | | | | | |
| Population<br>SOURCE: Profile ID (based on 2016 census) | 161,835 | 162,742 | 163,444 | 164,105 | 164,759 | 165,377 | 166,072 | 166,762 | 167,512 | 168,331 |
| Residential Dwellings<br>City of Joondalup Forecast | 60,189 | 60,398 | 60,675 | 60,904 | 61,149 | 61,560 | 61,822 | 62,042 | 62,262 | 62,428 |
| Business Growth<br>% Increase vs Previous Year | | 1.6% | 0.8% | 0.4% | 1.3% | 1.7% | 1.1% | 0.3% | 8.7% | 9.1% |

# 4. Operating Projections

## 4.1 How the Operating Projections are Prepared

The most important projections from the 20 Year SFP are the operating projections; these provide the best indication of long-term financial sustainability. There are six main elements that make up the operating projections as explained in Chart 3 below:

**Chart 3 – Key Elements of Operating Projections**

The trend for each of the six elements is projected to be as follows:

- Change in Existing Income and Expenses – these are the most critical assumptions in the overall plan. It is assumed that increases in income, most importantly rates, are higher than the increases in expenses (next paragraph provides more details).
- Rates Growth – moderate growth in the short-term, potentially higher growth in long term.
- Projects – the majority of projects are estimated to result in a deficit (section 5).
- New Depreciation – this continues to grow due to new projects and capital works program.
- Investment Earnings – increase due to increased reserves and higher earnings rate.
- Interest on Borrowings – this will reduce for the next few years as existing borrowings are paid down, but may then increase due to new borrowings from 2023/24.

## 4.2 Critical Assumptions – Change in Existing Income and Expenses

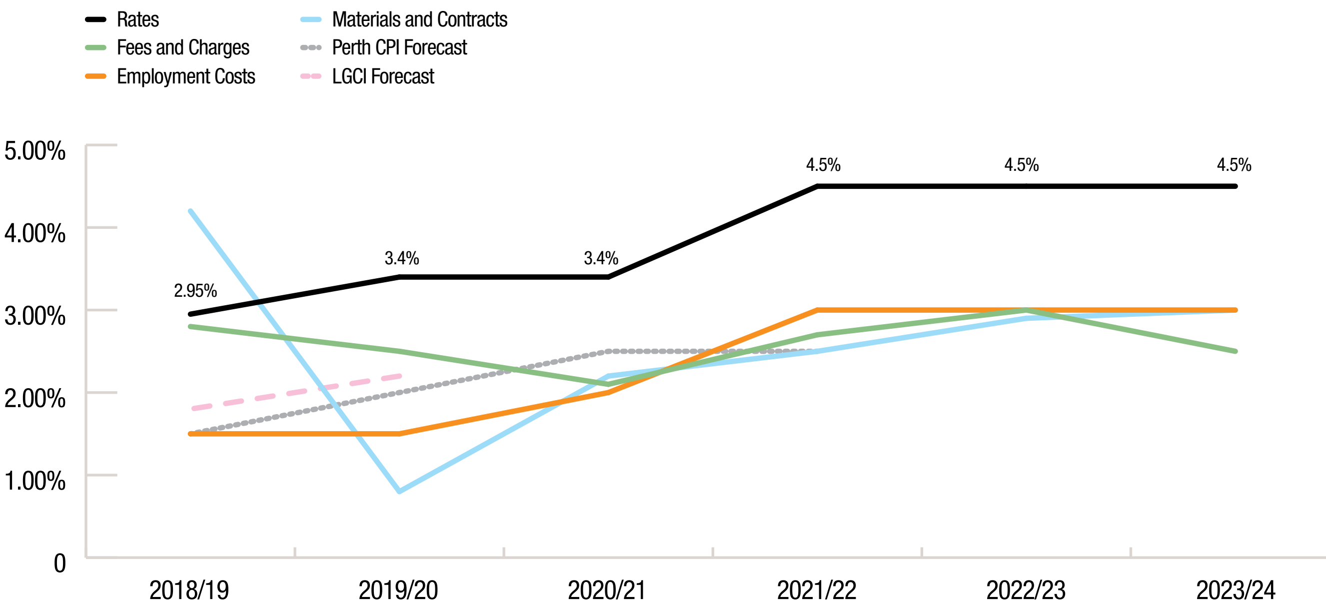
Chart 4 shows the assumptions for increases to existing income and expenses up to 2023/24. These assumptions are critical as they have the biggest impact in the *20 Year Strategic Financial Plan* because of the cumulative impact of each assumption – for example a lower rates increase of 2.95% in 2018/19 compared to 3.4% in the previous plan results in $0.4m less in 2018/19 and $0.4m less income each year thereafter, so by 2023/24 lost income of $2.4m.

To enable the City to address the operating deficit, it is vital to apply increases in income (most importantly rates) which are higher than the increases in expenses. The proposed increases to rates are necessary to achieve adequate operating results and achieve long-term financial sustainability.

The increases in employment expenses will be determined by an Enterprise agreement, and are subject to negotiation. The increases need to strike the right balance by being affordable (less than increases in rates), suitable taking account of economic conditions but ensure that the City continues to retain suitably qualified and experienced staff.

**Chart 4 – Critical Assumptions**

% INCREASES TO BASE OPERATING INCOME AND EXPENSES #1



**Materials and Contracts has been forecast by evaluating 19 different cost items.**

There are 13 different items within Fees and Charges, each of which has been reviewed separately – some of the items may increase at the discretion of the City (e.g. sports/recreation fees), but other fee revenue can be volatile and mostly outside of the City's control (e.g. Dog/Cat registration income). Likewise Materials and Contracts has been forecast by evaluating 19 different cost items – the increase for 2018/19 is distorted due to one-off expenditure carried forward from 2017/18 to 2018/19. Supporting Schedule 1 lists the increases that have been assumed for each of the different items for Fees and Charges and Materials and Contracts.

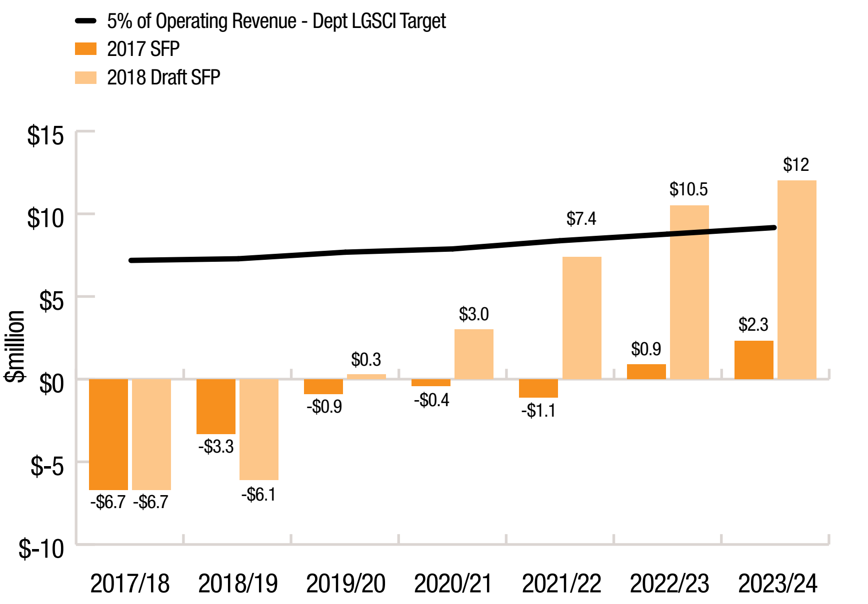
## 4.3 Operating Projections

Chart 5 summarises the operating projections up to 2023/24 and indicates that the Operating Surplus/(Deficit) is projected to improve from ($6.7m) deficit in 2017/18 to a surplus of $12.0m by 2023/24. The updated plan estimates that an operating surplus will be achieved in 2020/21 which is two years earlier than the previous plan. Although the deficit in 2018/19 is only slightly better than the projected deficit in 2017/18, there are one-off costs of $1.4m carried forward from 2017/18 into 2018/19 which temporarily distorts the deficit.

Chart 5 also shows the target from the Department of Local Government, Sport and Cultural Industries Department of Local Government which is a surplus of 5% of Operating Revenue, the projected surplus at 2023/24 will achieve that.

**Chart 5 – Operating Projections 2017/18 to 2023/24**

OPERATING SURPLUS / (DEFICIT)



## 4.4 Analysis of Operating Results

Table 4 summarises the key movements in Operating Income and Operating Expenses compared to the 2018/19, there are comments under the table to explain each line item.

**Table 4 – Changes in Operating Results vs 2018/19**

| | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 |
|---|---|---|---|---|---|
| | $ms | $ms | $ms | $ms | $ms |
| Projected Operating Surplus/(Deficit) | 0.3 | 3.0 | 7.4 | 10.5 | 12.0 |
| Vs 2018-19 Deficit | (6.1) | (6.1) | (6.1) | (6.1) | (6.1) |
| **Improvement In Operating Deficit** | **6.4** | **9.1** | **13.4** | **16.5** | **18.1** |
| | | | | | |
| Explanation | | | | | |
| 1. Growth in Base Income more than Growth in Base Expenditure | 2.7 | 4.4 | 6.9 | 8.6 | 10.0 |
| 2. Rates Growth (Commercial and Residential) | 0.7 | 1.1 | 1.8 | 2.8 | 3.6 |
| 3. Investment Earnings | 0.2 | 0.7 | 1.8 | 3.0 | 4.0 |
| 4. One-Off Costs in 2018/19 not repeated in future years | 2.1 | 2.3 | 2.5 | 2.6 | 2.6 |
| 5. Capital Grant reclassified as Operating | 1.0 | 1.0 | 1.1 | 1.1 | 1.1 |
| 6. Craigie Leisure Centre Upgrades Phase 1 and 2 | (0.5) | 0.3 | 0.4 | 0.4 | 0.4 |
| 7. New Depreciation | (0.3) | (0.6) | (0.9) | (1.2) | (1.6) |
| 8. Interest on Borrowings | 0.2 | 0.3 | 0.3 | 0.0 | (0.9) |
| 9. Superannuation Guarantee Increase | | | (0.2) | (0.3) | (0.5) |
| 10. Other | 0.2 | (0.5) | (0.4) | (0.5) | (0.6) |
| **Improvement In Operating Deficit** | **6.4** | **9.1** | **13.4** | **16.5** | **18.1** |

**In summary, the operating projections appear positive, but they are only as good as the assumption.**

The positive impacts on the operating results are explained as follows:

1. **Growth in Base Income more than Growth in Base Expenditure** – this relates to the critical assumptions.
2. **Rates Growth (Commercial and Residential)** – by 2023/24 it is estimated that there will be $3.6m additional income from new dwellings and new commercial. The assumptions have been built up with reference to known planning applications and local housing strategy.
3. **Investment Earnings** – by 2023/24 it is estimated that the City may earn $7.4m which is $4.0m more than in 2018/19. This is caused by higher earnings rate and higher reserves (e.g. Tamala Park proceeds)
4. **One-Off Costs** – there are $2.6m costs in 2018/19 not required in 2023/24.
5. **Capital Grant reclassified as Operating** – at present the City receives approximately $2m each year in Federal Roads Grant, which is currently recorded all as a capital grant and does not impact on the operating results. It is assumed that from 2019/20 the City can record some of the grant funding as operating revenue to match operating expenses incurred in maintaining the road network. This assumption is subject to internal review and will be implemented as part of the Budget 2019/20.
6. **Craigie Leisure Centre Upgrades** – Council approved in March 2018 upgrades which should improve operating results by $0.4m per year. Phase 2 has also been included in the updated plan.

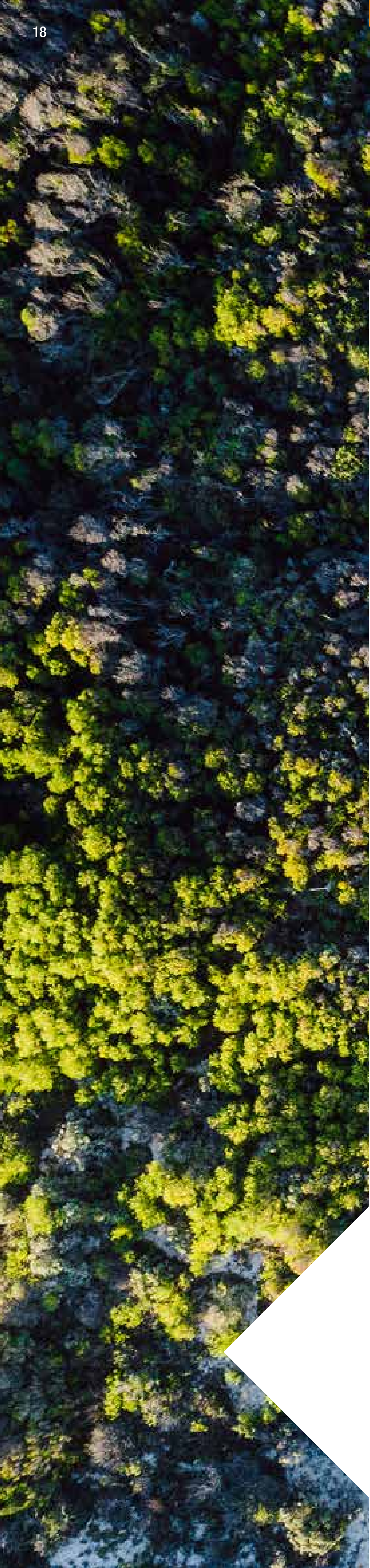
The negative impacts on the operating results are explained as follows:

7. **New Depreciation** – $1.6m additional depreciation caused by upgrade/new capital expenditure. This will be explained in more detail in next section.
8. **Interest on Borrowings** – during the next few years there is a positive impact on the operating results as existing borrowings require less interest payments, but the plan then assumes new borrowings required in 2022-23 for the second Multi Storey Car Park so the interest costs in 2023-24 are estimated to be $0.9m more than in 2018/19.
9. **Superannuation Guarantee Increase** – The Federal Budget assumes that employers will be required to increase the guaranteed contributions from 9.5% to 12.0% by 2025-26 with incremental changes beginning from 2021-22. By 2023-24 this may cost $0.5m.
10. **Other** – there are approximately 10 other issues which combined add up to a negative impact of ($0.6m.)

## 4.5 Summary of Operating Results

In summary, the operating projections appear positive, but they are only as good as the assumptions and it will be vital for the City to maintain a positive momentum in addressing the operating deficit. The 2018/19 budget has included $0.4m improvements in fees and service reduction. There are no further changes in services or fees assumed in the *20 Year Strategic Financial Plan* but it will be crucial for the City to continue to review services and fees as part of forthcoming annual budgets.

Financial Statement 1 provides details of each line item for all 20 years – from 2024/25 onwards the operating results continue to improve.



# 5. Capital Expenditure

## 5.1 Capital Expenditure Estimates by Asset Class

Capital Expenditure forecasts have been built up as follows:

- Capital Works Program – the 5 Year Capital Works Program is a rolling program of capital works that is updated on an annual basis. The Program for 2018-19 to 2022-23 has been used in the development of the *20 Year Strategic Financial Plan*. Estimates for the outer years (from 2023-24 onwards) have been prepared with reference to the current expenditure or where possible with reference to renewal plans.
- Fleet and IT – capital replacement of existing infrastructure.
- Major Projects – 22 major projects. Explained in detail later in this section.

Supporting Schedule 2 provides more details on the estimates.

## 5.2 Capital Renewals and Asset Management

The starting point in the capital expenditure estimates is the renewal of existing infrastructure. The table below summarises the large asset values that the City is responsible for, over $2.1 billion worth of assets (at full replacement cost). Renewal expenditure should be the first priority so the City can continue to provide services to the community at existing service levels.

The City has an adopted *Asset Management Policy* and a number of supporting plans, which have been incorporated into the *20 Year Strategic Financial Plan*. The City is an asset-intensive business and the substance of the Asset Management plans is crucial to provide substance to the *20 Year Strategic Financial Plan*.

There is ongoing work by the City to update Asset Management Plans for each asset class. Where an updated asset management plan becomes available it will be included in the annual update of the *20 Year Strategic Financial Plan*.

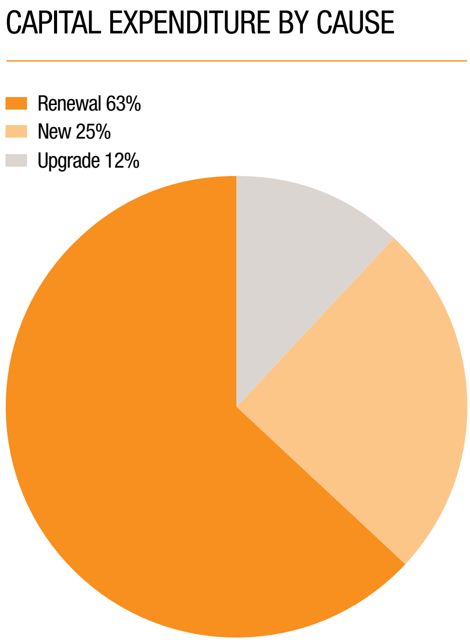
## 5.3 Capital Expenditure by Cause

Chart 6 summarises the capital expenditure estimates by cause. 63% of the expenditure is estimated to be for renewal of existing infrastructure, 12% on Upgrades and 25% on New infrastructure. It is far from ideal having 37% of the Capital expenditure forecasts on upgrade/new because this causes new depreciation and new operating expenses. There are some projects which will provide an operating surplus, but these are the minority, most of the new and upgrade projects will have a negative impact on operating results – the challenge for the City is to generate sufficient operating surpluses to meet both capital renewal and the impacts of new and upgrade projects, which this plan addresses.

**Table 5 – Asset Values**

| | Asset Values | | |
|---|---|---|---|
| Asset Values 30 June 2017 | CRC (Current Replacement Cost) | Written Down Value | % of Total (CRC) |
| | $ms | $ms | $ms |
| 1. Buildings | 383.0 | 241.2 | 18% |
| 2. Parks | 213.2 | 160.3 | 10% |
| 3. Drainage | 404.4 | 272.2 | 19% |
| 4. Transport, excl Roads | 188.7 | 127.3 | 9% |
| 5. Roads | 683.4 | 371.2 | 32% |
| 6. Lighting | 37.5 | 23.0 | 2% |
| 7. Freehold Land | 208.9 | 208.9 | 10% |
| 8. Fleet, Equipment, Other | 27.0 | 16.4 | 1% |
| **Total Asset Values** | **2,146.1** | **1,420.5** | **100%** |

**Chart 6 – Capital Expenditure by Cause**



## 5.4 Phasing of Expenditure

Chart 7 shows the estimated phasing of expenditure (in today's dollars). There are large peaks in new expenditure, predominately caused by the Joondalup Performing Arts and Cultural Facility (2026/27 and 2027/28) and Percy Doyle Master Plan (2030/31 and 2035/36). The renewal expenditure shown is currently lower than annual depreciation expense (over $30m per year) which results in the Asset Sustainability Ratio being below threshold. The average age of existing assets is relatively young but as the assets get older there will be a requirement for increased renewal expenditure which has been built into some of the programs (e.g. from 2023/24 there is higher renewals). In the longer term (beyond 20 years), there will be a much higher renewal requirement and the City will need to evaluate how it will fund much higher renewals in the future.

## 5.5 Major Projects – Source of Funding

The *20 Year Strategic Financial Plan* includes 22 major projects. Some of the values are based on detailed scoping or business cases, but other projects are based on high level estimates and will be subject to further review.

Table 6 summarises the capital expenditure and estimated funding for each project. Where the City is required to fund the project this may be achieved from either municipal funds, reserves or borrowings (which is normally the last resort). The majority of major projects are estimated to be funded by reserves, although that is predicated on the operating projections. Supporting Schedule 3 provides a brief description, the source of the estimate and a brief summary of the funding sources.

**Chart 7 – Phasing of Capital Expenditure**

CAPITAL EXPENDITURE BY CAUSE $M

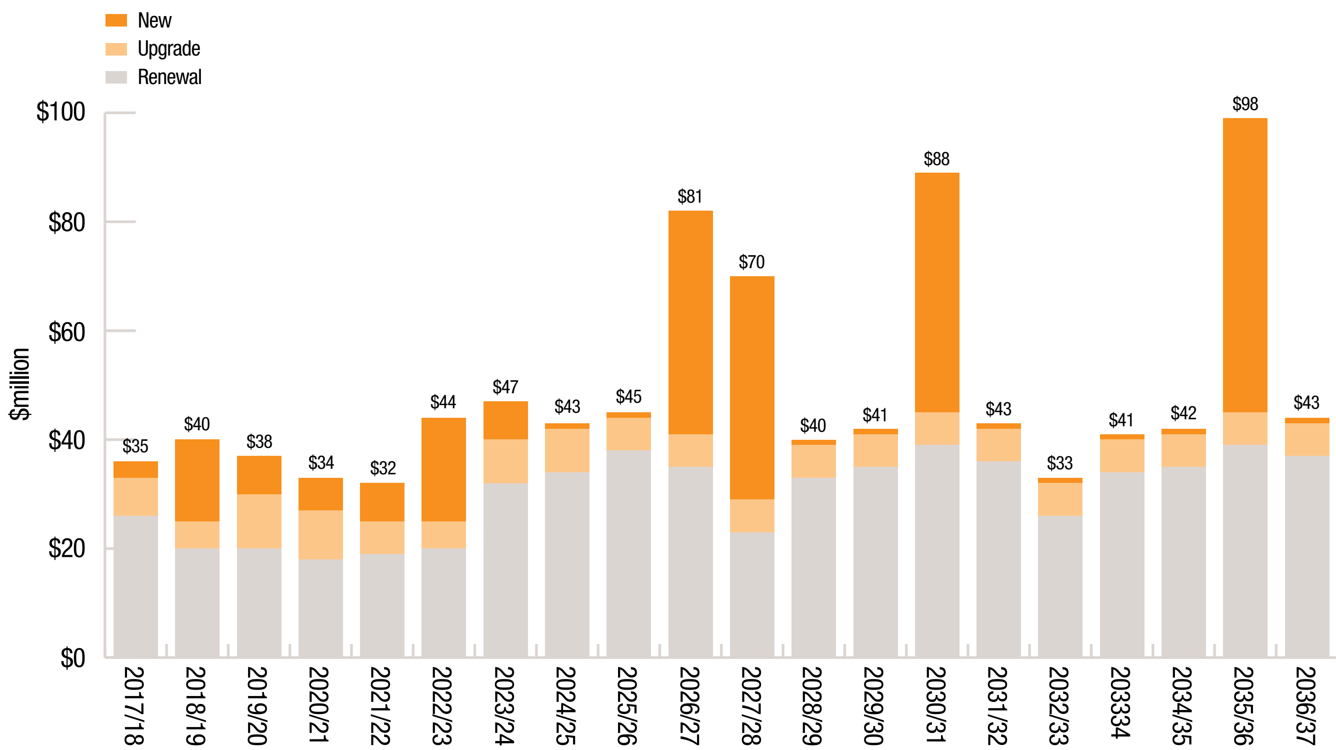


Table 6 – Major Project Funding

| Major Projects and Funding<br>20 Year summary, including inflation $ms | Capital Expend | Funding | | | | | |
|---|---|---|---|---|---|---|---|
| | | Grants | Disposal Proceeds | Municipal | Reserves | Loans | Total |
| | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| 1. Heathridge Master Plan – Planning Costs only | **(0.1)** | | | 0.1 | | | 0.1 |
| 2. Cafes/Kiosks/Restaurants – Neil Hawkins | **(0.0)** | | | 0.0 | | | 0.0 |
| 3. Better Bins – implementation of 3-bin system | **(5.7)** | 1.9 | | | 3.8 | | 5.7 |
| 4. Joondalup City Centre Development | **(0.7)** | | 1.0 | (0.6) | 0.2 | | 0.7 |
| 5. Joondalup Mens Shed | **(3.3)** | 2.3 | | 1.0 | | | 3.3 |
| 6. Cafes/Kiosks/Restaurants – Pinnaroo Point | **(0.7)** | | | 0.7 | | | 0.7 |
| 7. Cafes/Kiosks/Restaurants – Burns Beach | **(3.9)** | | | 3.9 | | | 3.9 |
| 8. Joondalup Administration Building – refurbishment | **(5.2)** | | | 0.5 | 4.7 | | 5.2 |
| 9. Percy Doyle – Refurbishment Works | **(5.1)** | 0.4 | | 2.8 | 1.9 | | 5.1 |
| 10. Craigie LC – Upgrades Phase 1 | **(2.9)** | | | 0.1 | 2.9 | | 2.9 |
| 11. Ocean Reef Marina Business Case and Structure Plan | **(0.7)** | 0.5 | | 0.2 | | | 0.7 |
| 12. Chichester Park Redevelopment | **(3.1)** | 0.7 | | 0.1 | 2.3 | | 3.1 |
| 13. Warwick Community Facilities | **(4.4)** | | 4.5 | (0.0) | | | 4.4 |
| 14. Warwick Sports Centre | **(1.2)** | | | 1.2 | | | 1.2 |
| 15. Joondalup Library – major refurbishment | **(1.4)** | | | 1.4 | | | 1.4 |
| 16. Whitfords Library and Senior Citizens Centre | **(3.2)** | | | | 3.2 | | 3.2 |
| 17. Multi Storey Car Park (2) | **(18.7)** | | | | 5.4 | 13.3 | 18.7 |
| 18. Edgewater Quarry Masterplan | **(13.2)** | | | 1.1 | | 12.1 | 13.2 |
| 19. Craigie LC – Upgrades Phase 2 | **(5.6)** | | | | 5.6 | | 5.6 |
| 20. Craigie LC – Geothermal Bore – replacement injection bore | **(1.2)** | | | 1.2 | | | 1.2 |
| 21. Joondalup Performing Arts and Culture Facility/Jinan Gardens | **(80.3)** | 50.0 | | | 30.3 | | 80.3 |
| 22. Percy Doyle Master-Plan Phase 1 and 2 | **(153.8)** | | | | 153.8 | | 153.8 |
| **Total Major Projects** | **(314.1)** | **55.7** | **5.5** | **13.5** | **214.0** | **25.4** | **314.1** |

**When considering the options for major projects the City should consider whether a commercial income stream can be achieved**

## 5.6 Major Projects – Operating Impacts

Table 7 lists the estimated annual operating impacts and if there is likely to be an impairment whereby assets are replaced before the end of their useful life causing the future year's depreciation expense to be written off in one year. Several projects are not yet sufficiently scoped and this is shown as to be confirmed (tbc).

The major projects have been ranked in order of their impacts on operating costs. There are two lines on the table which split the projects into three sections as follows:

- The top ranked projects (Projects 1 to 9) will provide an operating surplus and include projects where operating impacts have not yet been fully scoped (e.g. Ocean Reef Marina).
- The middle section (Projects 10 to 16) may break-even or have minimal impact (<$0.1m).
- The bottom ranked projects (Projects 17 to 22) will have a negative impact on operating results by at least $0.1m per year.

When considering the options for major projects the City should consider whether a commercial income stream can be achieved, or what actions would be necessary to achieve a break even operating position. However it may not be viable for some projects to ever achieve a break-even operating position but there could be significant wider Social and Economic benefits which justify the project.

## 5.7 Summary by Asset Class

The overall estimates have been grouped by Asset Class and are summarised in Chart 8. This shows that 32% of estimated capital expenditure is for Transport (Roads, Paths, Blackspot, Major Road Construction). The proposed expenditure for buildings is 29% even though buildings currently only represent 17% of asset value this is because a large part of new major projects is buildings. The unspecified 17% relates to expenditure that has been set aside from 2023/24 onwards for anticipated higher renewals and to achieve the Asset Sustainability Ratio.

**Chart 8 – Capital Expenditure by Asset Class**

### CAPITAL EXPENDITURE BY ASSET CLASS

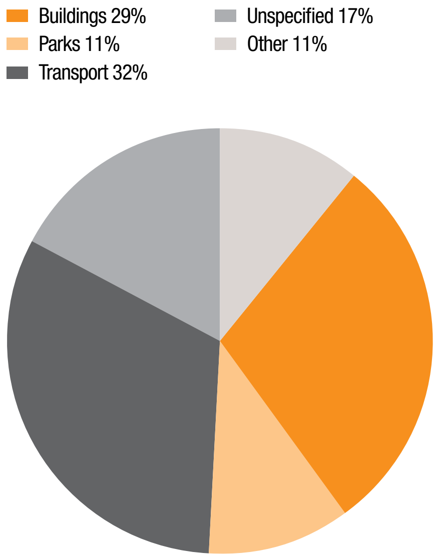


Table 7 – Major Projects Operating Impacts &and Ranking

| Impact of Major Projects on Operating Deficit and Ranking | (A) Capex and Timescales | | | (B) Operating | | |
|---|---|---|---|---|---|---|
| | Capex #1 | (R)enewal, (U)pgrade or (N)ew | Year #2 | Operating Surplus / (Deficit) #3 | Impairment costs possible | Rank #4 |
| | $ms | | | $ms p.a. | $ms | |
| 1. Craigie LC – Upgrades Phase 1 | ($2.9) | U | 2020-21 | $0.4 | tbc | 1 |
| 2. Craigie LC – Upgrades Phase 2 | ($5.6) | U | 2024-25 | $0.0 | tbc | 2 |
| 3. Better Bins – implementation of 3-bin system | ($5.7) | N | 2018-19 | $0.0 | No | 3 |
| 4. Joondalup City Centre Development | ($0.7) | N | 2018-19 | ($0.0) | No | 4 |
| 5. Ocean Reef Marina Business Case and Structure Plan | ($0.7) | N | 2020-21 | ($0.0) | No | 5 |
| 6. Cafes/Kiosks/Restaurants – Pinnaroo Point | ($0.7) | N | 2018-19 | tbc | No | 6 |
| 7. Cafes/Kiosks/Restaurants – Burns Beach | ($3.9) | N | 2019-20 | tbc | No | 7 |
| 8. Cafes/Kiosks/Restaurants – Neil Hawkins | ($0.0) | N | 2017-18 | tbc | No | 8 |
| 9. Warwick Community Facilities | ($4.4) | U | 2020-21 | tbc | Yes | 9 |
| 10. Joondalup Administration Building – refurbishment | ($5.2) | R | 2019-20 | tbc | tbc | 10 |
| 11. Percy Doyle – Refurbishment Works | ($5.1) | R/U | 2020-21 | tbc | tbc | 11 |
| 12. Joondalup Library – major refurbishment | ($1.4) | R | 2022-23 | tbc | tbc | 12 |
| 13. Craigie LC – Geothermal Bore – replacement injection bore | ($1.2) | R | 2024-25 | tbc | No | 13 |
| 14. Heathridge Master Plan – Planning Costs only | ($0.1) | N | 2017-18 | tbc | tbc | 14 |
| 15. Whitfords Library and Senior Citizens Centre | ($3.2) | R | 2022-23 | tbc | tbc | 15 |
| 16. Warwick Sports Centre | ($1.2) | U | 2021-22 | ($0.0) | No | 16 |
| 17. Joondalup Mens Shed | ($3.3) | N | 2019-20 | ($0.1) | No | 17 |
| 18. Chichester Park Redevelopment | ($3.1) | U | 2020-21 | ($0.1) | Yes | 18 |
| 19. Edgewater Quarry Masterplan | ($13.2) | N | 2023-24 | ($0.1) | No | 19 |
| 20. Multi Storey Car Park (2) | ($18.7) | N | 2022-23 | ($0.4) | No | 20 |
| 21. Joondalup Performing Arts and Culture Facility/Jinan Gardens | ($80.3) | N | 2027-28 | ($2.5) | No | 21 |
| 22. Percy Doyle Master-Plan Phase 1 and 2 | ($153.8) | R | 2035-36 | ($2.6) | Yes | 22 |
| **TOTAL** | **($314.1)** | | | **($5.4)** | | |

#1 Capex and Operating Impacts include escalation

#2 Year is the final year of capex

#3 Operating Impacts include interest and depreciation

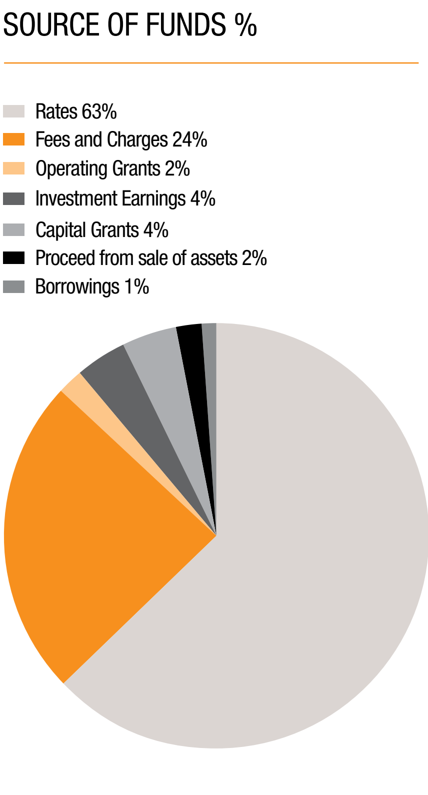
#4 Rank is based on Operating Surplus/(Deficit) and write-off

# 6. Source and Application of Funds

## 6.1 Source of Funds

Chart 9 shows the source of all cash income over the 20 year period. The overwhelming source is operating income (Rates, Fees and Charges, Investment Earnings, Operating Grants). The non-operating income (capital grants, proceeds from sale of assets and borrowings) are important to help fund capital expenditure.

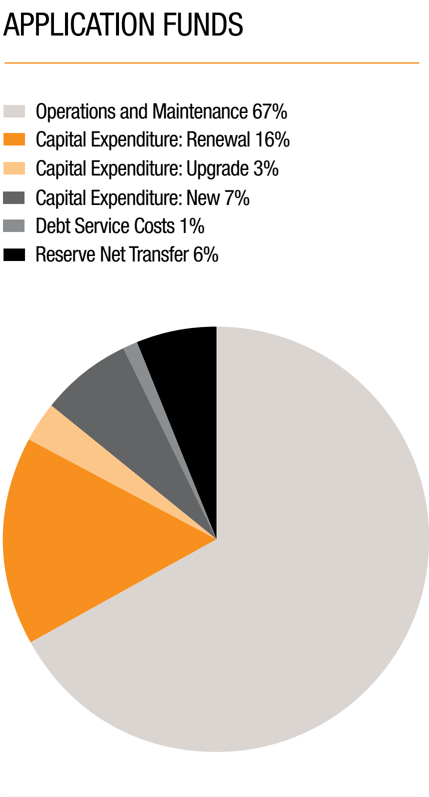
Chart 9 – Source of Funds




## 6.2 Application of Funds

Chart 10 shows how the funds are applied. Just over 2/3 of funds are used to operate/maintain assets and services, 26% of cash is spent on capital expenditure, 1% on Debt Service Costs (Principal and Interest) and the remaining 6% is the Net Transfer in/out of reserves.

Chart 10 – Application of Funds




There are more details of the Source and Application of funds in Financial Statement 2.

## 6.3 Grants

The City strives to maximise the amount of external funding to support capital projects, for example an annual application is made to the Community Sporting and Recreation Facility Fund. The plan assumes $192m of Capital Grant revenue, comprising of $136m from the Capital Works Program (Black Spot Programs, Major Road Construction, New Paths and Road Resurfacing/Preservation), $50m for Joondalup Performing Arts and Cultural Facility and $6m for other projects. The $50m grant assumed for the Joondalup Performing Arts and Cultural Facility has no specified source and is merely a placeholder and to recognise that the City contribution to the project is capped at $30m.

## 6.4 Proceeds from Sale of Assets

The *20 Year Strategic Financial Plan* includes an asset rationalisation component, with the City applying the principle of using the proceeds where ever possible to offset the expenditure on new capital initiatives. Additionally, there are proceeds received from sale of day to day vehicles. The table below summarises the assumptions for Disposal Proceeds:

- Fleet – Sale of motor vehicles due to replacement.
- Tamala Park further proceeds from sale of Tamala Park land, which the City owns 1/6 of.
- Asset Rationalisation – Sale of land no longer considered required for City purposes ('Asset Rationalisation').
- Edgewater Quarry – Sale of land at Edgewater Quarry, used to repay short term borrowings used to fund the capital infrastructure on that project.
- Warwick Activities Centre – Sale of land at Warwick (three buildings currently at Warwick will be rationalised, releasing land for sale). These funds will offset against the project costs.
- Joondalup City Centre Development – Recovery of project costs relating to the potential Office Development.

Table 8 summarises the proceeds from sale of assets that are assumed:

**Table 8 – Proceeds from Sale of Assets**

| Proceeds from Sale of Assets | 17/18 | 18-/19 | 19-/20 | 20/21 | 21/22 | 22/23 | 23-/24 | 24-/25 | 25-/26 | 26/27 | 27/28 | 28/37 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| Fleet | 0.8 | 0.4 | 0.9 | 1.2 | 1.2 | 1.1 | 0.7 | 0.5 | 0.8 | 0.7 | 1.8 | 11.5 | 21.5 |
| Tamala Park | 0.7 | 1.2 | 2.2 | 3.3 | 3.8 | 3.5 | 4.3 | 5.2 | 4.7 | 6.8 | 6.0 | 2.7 | 44.4 |
| Asset Rationalisation | 5.3 | 1.5 | | | | | | | | | | | 6.8 |
| Edgewater Quarry Masterplan | | | | | | | | | 5.9 | 6.1 | | | 12.1 |
| Warwick Community Facilities | | | | 4.5 | | | | | | | | | 4.5 |
| Joondalup City Centre Development | | | 1.0 | | | | | | | | | | 1.0 |
| Major Building Construction | | | | | | | | | | | | | |
| **Total Proceeds** | **6.8** | **3.1** | **4.1** | **9.0** | **5.0** | **4.6** | **5.0** | **5.6** | **11.4** | **13.6** | **7.8** | **14.2** | **90.2** |

**Borrowings are proposed in the 20 Year SFP when there are no available reserves or surplus municipal funds.**

## 6.5 Reserves

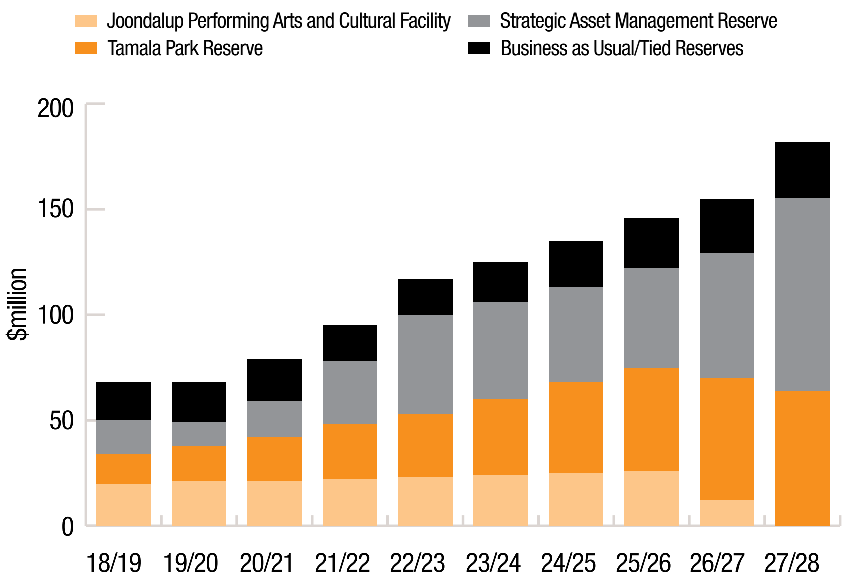
Chart 11 summarises the projected balances in reserves, grouped into four overall categories.

- Tamala Park Reserve – the proceeds from the sale of land at Tamala Park are put into this reserve. The previous plan assumed that these proceeds would be used to repay borrowings for the Joondalup Performing Arts and Cultural Facility, but the updated plan assumes no borrowings for that project.
- The Joondalup Performing Arts and Cultural Facility project is assumed to use all of the Joondalup Performing Arts and Cultural Facility Reserve to partially assist with the cost of construction.
- The Strategic Asset Management Reserve continues to decline over the next few years due to City Centre Street Lighting project and other building projects, but the reserve is then projected to increase more in later years as surplus operating cash flow increases.
- The business as usual tied reserves include Parking Facility Reserve and Waste Management Reserve. The plan now includes the assumptions from the approved Better Bins project which uses some of the the Waste Management Reserve but after that project the balance continues to grow.

Supporting Schedule 2 provides a break down for each of the individual reserves.

**Chart 11 – Reserve Projections**

### RESERVE BALANCES



## 6.6 Borrowings and Debt Management

The *20 Year SFP* projects $25m borrowings which is $69m less than the previous plan. The projected borrowings are summarised in Table 9. Borrowings are proposed in the 20 Year SFP when there are no available reserves or surplus municipal funds.

- Multi Storey Car Park (2) – The second Multi Storey Car Park would use available funds in the Parking Facility Reserve but would still require borrowings of $13.3m.
- Edgewater Quarry Masterplan.

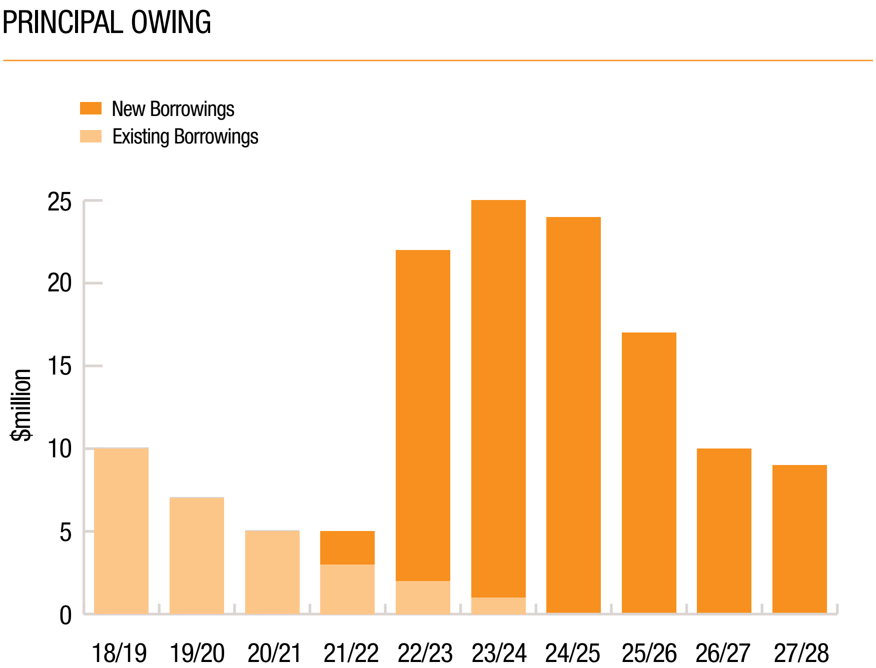
The City is an asset intensive business and borrowings to maintain existing infrastructure or develop new infrastructure is an acceptable practice.

The repayment terms are assumed to be on a Fixed Term Fixed Interest Rate basis. The longer the repayment term the higher the interest component, and therefore the term of the borrowings are no more than 10 years. Chart 12 summarises the projected amount outstanding each year, this also shows that existing borrowings will be repaid in full within a few years.

Table 9 – New Borrowings

| New Borrowings | 19-20 | 20-21 | 21-22 | 22-23 | 23-24 | Total |
|---|---|---|---|---|---|---|
| | $ms | $ms | $ms | $ms | $ms | $ms |
| Multi Storey Car Park (2) | | | 1.1 | 12.2 | | **13.3** |
| Edgewater Quarry Masterplan | | | 0.4 | 6.4 | 5.3 | **12.1** |
| **Total** | | | **1.5** | **18.6** | **5.3** | **25.4** |

Chart 12 – Principal Owing



# 7. Risks, Sensitivity and Scenario Modelling

## 7.1 Key Risks and Opportunities

There are six key risks/opportunities evaluated:

1. Rates percentage increases.
2. Employment cost increases.
3. Change of service or fees to address operating deficit.
4. JPACF one-off costs and funding.
5. JPACF operating deficit – the ongoing depreciation and operating subsidy.
6. New major projects not yet included in plan.

The six assumptions above have a significant bearing on the projections and it is therefore useful to consider the worst case and best case.

## 7.2 Scenarios

There are three scenarios prepared:

- Base Case – this is based on the previous plan combined with other known changes arising from the budget or as advised by internal and external parties.
- Downside (worse case) – pessimistic change in the six assumptions.
- Upside (best case) – optimistic change in six assumptions.

Table 10 lists the range of possibilities for each of the six risks and opportunities, for each of the three scenarios.

The analysis of risks and opportunities is restricted to the short-term (up to 2023-24) as this is five years from the budget year and five years is a reasonable period to consider when evaluating upside and downside risk.

## 7.3 Scenario Comparison

Chart 13 summarises the Operating Surplus/(Deficit) projections for each scenario to 2023/24:

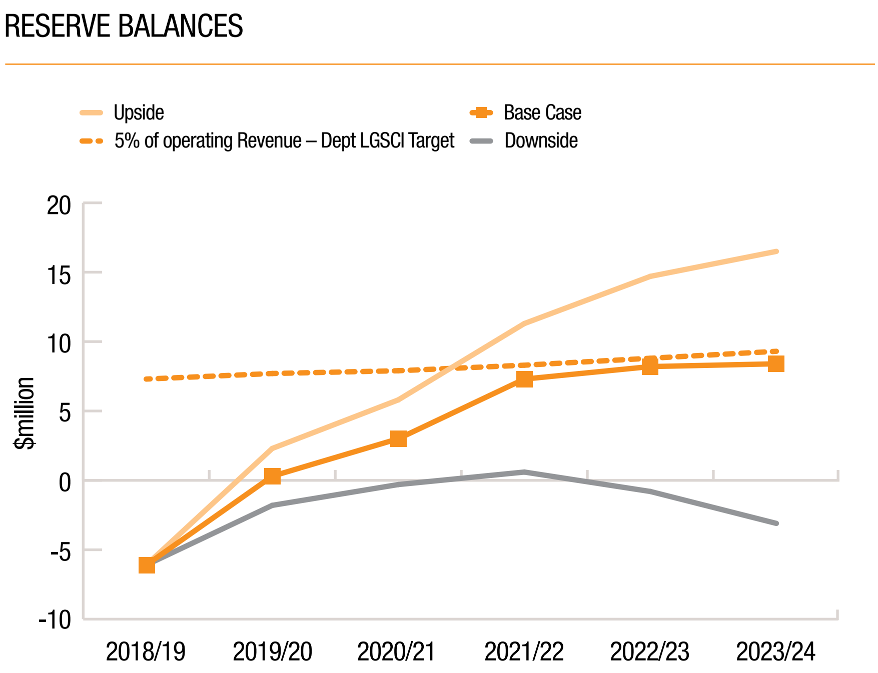
- Base Case estimates an Operating Surplus of $8.4m at 2023/24.
- Downside estimates an Operating Deficit of ($3.1m), $11.5m less than Base Case. The biggest difference between the downside scenario is the changes in rates and employment costs.
- Upside estimates an Operating Surplus of $16.5m, $8.1m more than Base Case.

Both the downside and upside scenarios are highly unlikely because it would require all six assumptions to be completely worse case or best case.

**Table 10 – Risks and Opportunities – Range of Possibilities**

| Item | Base Case | Downside | Upside |
|---|---|---|---|
| **1. Rates Increases** | 19-20 20-21 21-22<br>3.4% 3.4% 4.5%<br>Average 3.77%" | 19-20 20-21 21-22<br>2.0% 3.0% 2.0%<br>Average 2.33%" | 19-20 20-21 21-22<br>4.0% 4.0% 4.5%<br>Average 4.33%" |
| **2. Employment Cost Increases** | 19-20 20-21 21-22<br>1.5% 2.0% 3.0%<br>Average 2.16%" | 19-20 20-21 21-22<br>2.5% 3.0% 3.0%<br>Average 2.83%" | 19-20 20-21 21-22<br>1.0% 2.0% 2.5%<br>Average 1.83%" |
| **3. Change of Service or Fees** | $0.0 | $0.0 | $1.0m per year |
| **4. JPACF One-Off Costs** | Completed 2022-23<br>$80m Capital Cost<br>($30m Reserve Funded & $50m Grant)" | $100m Capital Cost<br>($70m Reserve Funded & $30m Grant)" | Completed 2027-28<br>$80m Capital Cost<br>($30m Reserve Funded & $50m Grant)" |
| **5. JPACF Operating Deficit** | $2.3m per year<br>($1.4m Depreciation and $0.9m Operating)" | $3.0m per year<br>($1.6m Depreciation and $1.4m Operating)" | $2.3m per year<br>($1.4m Depreciation and $0.9m Operating)" |
| **6. New Major Projects** | Only known projects are included | $20m for Projects Not Yet Specified | as per Base Case |

Chart 13 – Scenario Comparison




## 7.4 Basis of Adopted 20 Year Strategic Financial Plan

With reference to Table 10 above, the assumptions used in the adopted 20 Year Strategic Financial Plan 2017/18 to 2036/37, and relevant for all other schedules in the plan, are:

- Base Case – items 1, 2, 3, 5 and 6.
- Upside Item 4 – the Joondalup Performing Arts and Cultural Facility is completed by 2027/28 instead of 2022/3.

## 7.5 Opportunities for Alternative Funding

There are two improvement opportunities for the funding:

- Tamala Park Reserve – it may be worth using the reserve to fund those projects that are projected to require loans e.g. Multi Storey Car Park (2). This would provide an overall net benefit because the savings from the interest on borrowings would be more than the lost investment earnings.
- Reserves used in the first instance rather than borrowings, and where borrowings are used set them on flexible repayment terms rather than fixed interest.

The overall impacts in the above opportunities on the Operating Surplus are minimal and these opportunities can be explored further in the next update of the plan in 2019.

# 8. Financial Sustainability

**The key ratios at present are far from ideal but there is a positive upward trend.**

## 8.1 Measuring Sustainability – Key Ratios

The financial sustainability of the City is measured by its ability to be financially viable whilst meeting community expectations. There are three key ratios so the maximum achievement is 60 ratios within tolerance (20 years x three key ratios). The *20 Year Strategic Financial Plan* is projecting a total of 46 out of 60. The last ten years of the plan are all within tolerance (30 out of 30), but the first ten years are 16 out of 30 as shown in Table 11.

Although it is far from ideal to only achieve 16 ratios out of 30 in the first 10-year years, the Asset Sustainability Ratio could not be expected to be within tolerance due to the young age profile of the City's assets whilst the Operating Surplus Ratio is showing a positive upwards trend. Most importantly the Operating Surplus Ratio is now projected to be within tolerance by 2023/24 which is three years earlier than the previous plan.

**Key Indicators Definition**

**Operating Surplus Ratio**
**5 Year Average** – ratio compares the operating surplus versus own source revenue. An indicator of the extent to which revenue raised not only covers operating expenses but also provides capital funding. Target is to achieve a positive operating surplus between 2% and 8%. Amber if shown for those years where the 5-year average is positive.

**Asset Sustainability Ratio**
**5 Year Average** – compares capital renewal expenditure versus depreciation. The ratio is an indicator of whether the City is spending adequate amounts on its replacement program in comparison to the consumption (depreciation) of its assets. The target for asset sustainability ratio is between 90% and 110% based on a five year average.

**Debt Service Coverage Ratio** – Key ratio to evaluate treasury management and is used by West Australian Treasury Corporation to evaluate requests for loans. The ratio compares how much operating surpluses (before interest and depreciation) covers the cost of loan repayments (principal and interest) each year. The target for debt service coverage ratio is ideally five, although a minimum of three may be acceptable. The ratio should not fall below five for five years in a row.

Table 11 – Key Ratios

| Key Ratios | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24-/25 | 25/26 | 26/27 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating Surplus Ratio 5 Year Average | (2.6%) | (2.7%) | (2.9%) | (2.2%) | (0.3%) | 1.9% | 4.0% | 5.3% | 6.8% | 8.2% |
| Asset Sustainability 5 Year Average | 63% | 62% | 65% | 68% | 68% | 65% | 73% | 83% | 96% | 105% |
| Debt Service Coverage Ratio | 6.7 | 6.9 | 8.8 | 13.2 | 20.0 | 27.8 | 15.3 | 16.2 | 7.1 | 8.0 |

## 8.2 Key Ratios Commentary

Some further comments regarding each ratio:

**Operating Surplus Ratio 5 Year Average** – The Operating surplus ratio is the most important indicator out of all the ratios, as it has a mix of all the other ratios combined (liquidity, asset management, operating performance The City is projected to achieve an operating surplus by 2020/21 but will only achieve a 5 year average more than 2% by 2023/24. The biggest factor contributing to the improvement are the critical assumptions of increasing income (most importantly rates) by more than the increases in expenses. There are several items which continue to depress the operating results such as new depreciation caused by upgrade/ new capital expenditure.

**Asset Sustainability Ratio** – measures the rate at which the City spends capital expenditure on replacement versus depreciation. Although the target is to be between 90% and 110%, the long-term average should be 100%. This ratio fails the target in the first 8 years which suggests that there is insufficient expenditure on replacement of existing assets and too much on new assets, but the City's assets and infrastructure are relatively young and at this stage in their life cycle it is reasonable for the asset sustainability ratio to be depressed. The City will need to increase expenditure on renewals in later years as the City becomes older; this has been factored into the capital forecast.

**Debt Service Coverage Ratio** – This is a crucial ratio to show achievement in all 20 years as it demonstrates the City's capacity to borrow in line with project requirements. This ratio achieves the target in all of the years.

## 8.3 Strengths and Weaknesses of Plan

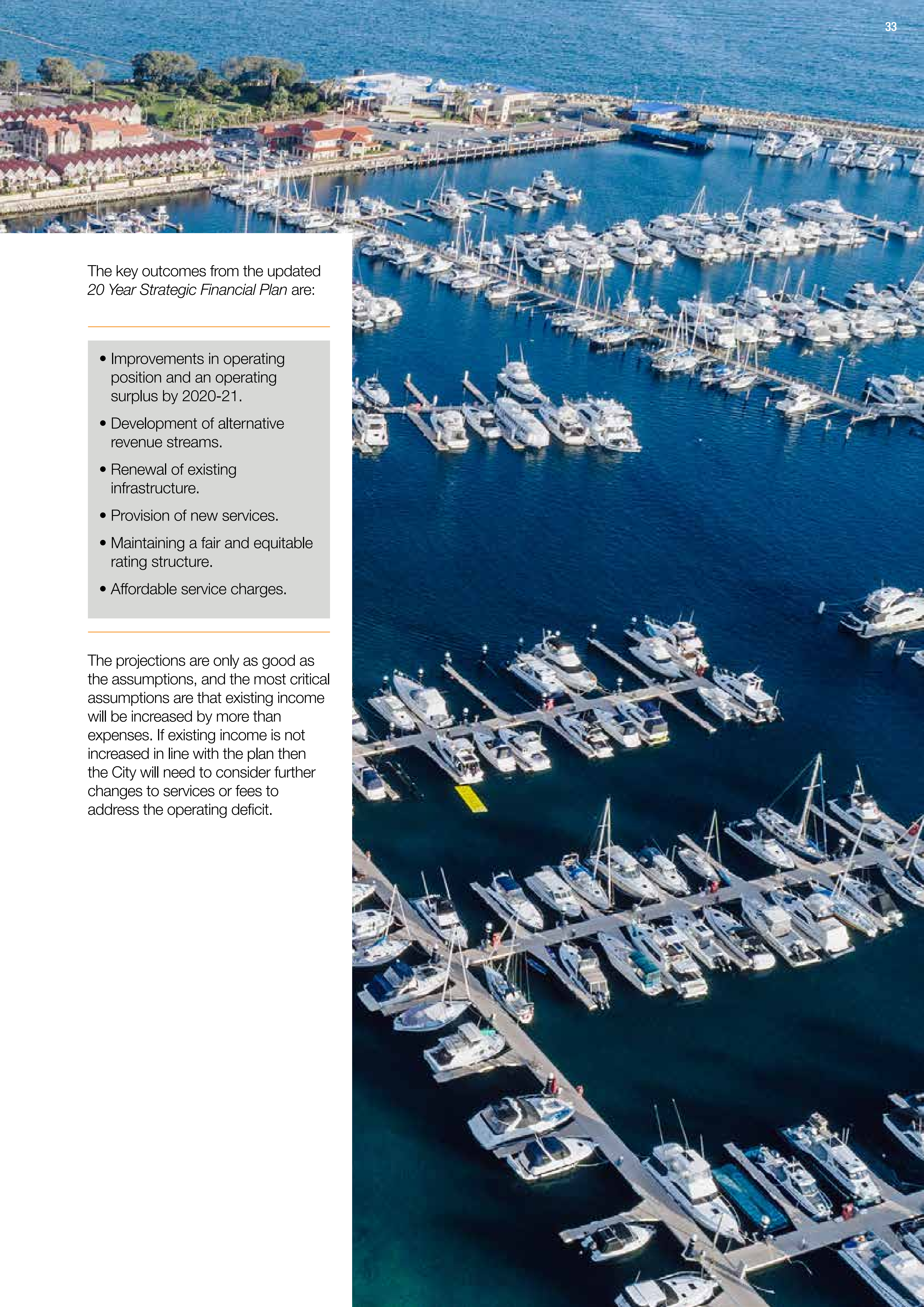
The *20 Year Strategic Financial Plan* is prepared using the best available information, but as with any forward plan there are opportunities to improve the robustness of assumptions. Table 12 provides a critique of some of the key elements and lists improvement actions which will be addressed in future updates.

## 8.4 Conclusion

The *20 Year Strategic Financial Plan* achieves a balanced cash budget for each financial year. The City's Operating Deficit is projected to be overcome within a couple of years, and by 2023/24 within the City's target for the operating surplus ratio, this is three years earlier than the previous plan. Sufficient cash surpluses are generated to provide for asset renewal and provision of upgrade/new infrastructure, but there is a very high level of upgrade/new expenditure which depresses the operating results.

**Table 12 – Strengths and Weaknesses of Plan**

| Issue | | Current Status | Improvement Actions |
|---|---|---|---|
| **1. Operating** | | 1) Large Operating Deficit (4%) and 9% below the 5% target<br>2) 25% of Proposed Capital Expenditure over the 20 years is Upgrade/New which results in new depreciation and operating expenses and worsens the deficit | 1) Increasing base income more than expenses<br>2) Continue to review opportunities to reduce services and/or change fees<br>3) Reduce amount of Upgrade and New Capital Expenditure |
| **2. Depreciation** | | Value has risen significantly over past few years. Significant disparity when compared to other local governments. | 1) External Review of Depreciation processes and values<br>2) Implement actions" |
| **3. Major Projects** | | Majority of major projects would worsen the operating deficit | Explore commercial options for all major projects and strive for no worse than break-even operating position |
| **4. Cash / Liquidity** | | No major issues, cash is not currently an issue. However Asset Renewal requirements are forecast to triple in the long term and cash could potentially be an issue in the long-term | Potential for a new Asset Renewal Reserve to be investigated and report prepared for the Major Projects & Finance Committee |



The key outcomes from the updated *20 Year Strategic Financial Plan* are:

- Improvements in operating position and an operating surplus by 2020-21.
- Development of alternative revenue streams.
- Renewal of existing infrastructure.
- Provision of new services.
- Maintaining a fair and equitable rating structure.
- Affordable service charges.

The projections are only as good as the assumptions, and the most critical assumptions are that existing income will be increased by more than expenses. If existing income is not increased in line with the plan then the City will need to consider further changes to services or fees to address the operating deficit.

# APPENDICES

## Appendix 1
## 20 Year Strategic Financial Plan – Guiding Principles 2018

The Guiding Principles set out the foundation on which the *20 Year Strategic Financial Plan (SFP)* has been developed and which will also apply to its ongoing review and use.

The Guiding Principles are founded on the City's Governance Framework.

The Framework consists of four (4) key principles required to achieve excellence in governance:

- Culture and Vision
- Roles and Relationships
- Decision-making and Management
- Accountability

Decision-Making and Management is the key driver of the Guiding Principles.

The Guiding Principles are presented in two parts, one part represents Basic Principles that are prudently used in the development of a financial plan and the other represents Key Elements/Assumptions as considered in the development of the SFP.

## Basic Principles

**Sustainability**
The SFP will be developed on a principle of financial sustainability. The SFP must provide for and ensure the protection of the City's financial capacity and viability into the future and mitigate risks to the City's and the community's assets.

**Transparency**
The SFP will be transparent and include disclosure, clarity and access to information related to the plan and the underlying assumptions contained therein.

**Prudence**
The City will base the SFP on the exercise of sound financial judgement based on facts as known at the time and will apply reasonable tests to the assumptions deployed in the SFP's estimations to confirm their validity. Prudence will encompass anticipating and planning for change.

**Consistency**
The City will apply discipline and adhere to agreed principles in the development and use of the SFP to avoid fluctuating impacts and compromises to the validity of the projections.

**Performance and Accountability**
The SFP is a key element of the City's Planning Framework and will be used as the foundation for the preparation of the Annual Budget. The City will review the SFP at least annually to assess it against the adopted budget and to review the forward projections.

**Flexible Long Term Approach**
Where there are years where the City is unable to achieve the overall objective of a nil closing Municipal cash balance, then revenue streams that were otherwise intended to be placed in reserve (such as Tamala Park land sales), may be used in the short-term to achieve a balanced budget. The Municipal fund will pay back to the reserve fund at the earliest opportunity to ensure that the original purpose of the proceeds and reserve funds are maintained.

**Service Levels and Asset Management**
Local government is asset intensive, and the SFP is therefore driven by the demands of providing and maintaining City assets and delivering appropriate levels of service to the community. Financial sustainability is equally important, and affordability of desired service levels and preferred asset management plans has to be weighed up with prudent financial management.

# Key Elements/ Assumptions

### Targets/Ratios

There are two core assumptions which must be achieved in every year of the projections and underpin the SFP:

- Rates Increase on existing properties/business no more than 5%.
- Balanced Cash Budget.

The City is required to report seven ratios within the statutory annual accounts. Whilst recognising that all seven ratios are important, the City's long term plan will focus primarily on three key ratios:

- Operating Surplus Ratio % (Operating Results).
- Asset Sustainability % (Asset Management).
- Debt Service Coverage Ratio % (Treasury Management).

### Operating Results and Operating Surplus Ratio

The operating results are the most important indicator of long-term financial sustainability.

- The City will generate an annual operating surplus sufficient to allow it to meet:
  - Additional financial costs for new Capital Expenditure.
  - Projected net annual operational costs of new facilities that become operational.
  - Projected annual operational costs and Capital Expenditure on existing infrastructure.
- The SFP will aim to achieve an Operating Surplus Ratio between 2% and 8%, based on a five year average.
- Growth in operating revenue will be in excess of the growth in Operating Expenses, in so far as necessary to achieve the Operating Surplus Targets.

### Asset Management and Asset Sustainability Ratio

- Long-Term Asset Renewal Projections (i.e. up to 100 years) will be updated annually to identify large changes in renewal expenditure. The projections may be used to inform the SFP and where affordable to do so the SFP may set aside funds into reserves to assist with future renewals and avoid unsustainable rate increases in future years.
- Priority will be given to Asset Management plans that have demonstrated that replacement expenditure is based on economic life modeling, and deferral of the replacement would reduce the operating surplus ratio.
- Asset Sustainability Ratio will aim to achieve a target of between 90% and 110% based on a five year average. However where the age of assets is young then it be unnecessary to achieve this ratio as the City would not replace assets before their due replacement date.

### Treasury Management and Debt Service Coverage Ratio

- The City is an asset intensive business, and as such loan funding could be expected to be used to fund Capital Expenditure. The Borrowings should be consistent with the City's Strategic Positioning Statement on Sustainable Borrowings.
- The primary measure of evaluation is the Debt Service Coverage Ratio which is not to exceed five consecutive years with an annual debt service cover ratio of between three and five, with all other periods exceeding a ratio of five.
- Revenue from the Tamala Park land sale should be applied in accordance with the City's adopted Strategic Position Statement.
- Surplus municipal funds will be transferred to the Strategic Asset Management Reserve.

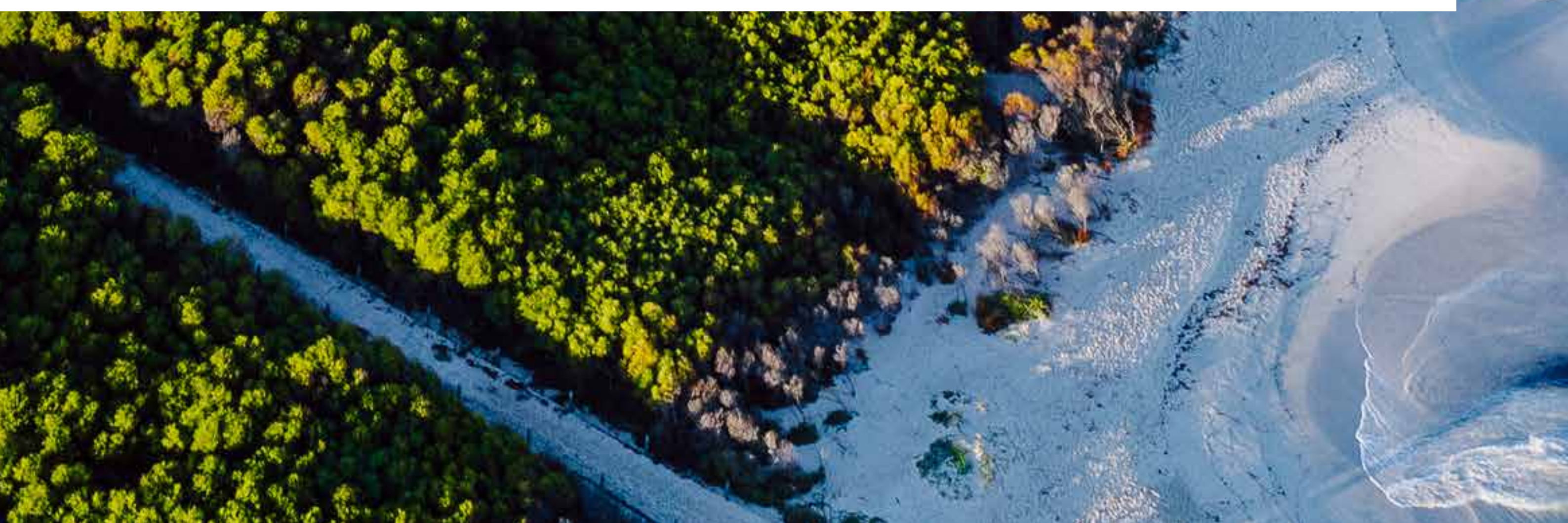
### New Expenditure

Adoption of the 20 Year SFP does not constitute a commitment or agreement to any of the projects or proposals that have not already been approved, but there are key elements for new expenditure to be considered:

- Whole of Life Costs must be identified for all new expenditure, unless the project is at an early stage and there is insufficient data/scope to estimate the whole of life impacts
- Major Projects should include potential impairment costs if existing assets will be disposed off before they have reached the end of their estimated useful life.
- Major Projects should explore commercial opportunities and where possible strive to achieve a positive, or no worse then break-even, operating position. Availability of grant funding should not be a determining factor for projects, the key financial criteria is the operating results after depreciation and interest. Social and Economic Return on Investment may be estimated for some projects and may be used to justify proceeding even though the project has a negative operating result.
- City assets that are not required for operational or community use are to be rationalised.

### Process

- Estimates are to be conservative based on best available information.
- The SFP will be prepared and reviewed during the Annual Budget Process, which will enable the SFP to be used as an enabler to the Annual Budget for the following year.
- The annual Budget process will consider the impacts on the long term plan, including the Guiding Principles and the ratio targets. Additionally, the Midyear Budget process will also consider the impacts on the SFP.
- In preparing the SFP, options and risk analysis will be prepared and presented to the Major Projects and Finance Committee for consideration and recommendation to Council.



## Financial Statement 1: Operating Income and Expenses Estimates

| | Line | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| **Operating Revenues** | | | | | | | | | | | | | | | | | | | | | | |
| Rates: Base | 1 | 97.6 | 100.6 | 104.3 | 107.8 | 112.7 | 117.8 | 123.1 | 128.0 | 133.7 | 139.1 | 145.3 | 151.2 | 158.0 | 164.3 | 171.7 | 178.5 | 185.7 | 193.1 | 200.8 | 208.9 | **2,922.0** |
| Rates: Growth | 2 | 0.0 | 0.3 | 0.7 | 1.1 | 1.8 | 2.8 | 3.6 | 4.3 | 7.2 | 10.2 | 10.8 | 11.6 | 12.6 | 13.7 | 15.0 | 17.1 | 19.6 | 22.0 | 24.6 | 27.4 | **206.5** |
| Fees and Charges / Other: Base | 3 | 40.4 | 41.6 | 42.6 | 43.5 | 44.6 | 46.0 | 47.1 | 48.7 | 50.2 | 51.9 | 53.6 | 55.2 | 57.1 | 58.9 | 60.7 | 62.7 | 64.7 | 66.8 | 68.9 | 71.1 | **1,076.3** |
| Fees and Charges / Other: Growth | 4 | 0.0 | 0.0 | 1.1 | 1.6 | 1.9 | 1.9 | 2.3 | 2.8 | 3.5 | 3.7 | 3.9 | 6.5 | 7.3 | 8.1 | 9.0 | 9.9 | 10.3 | 10.6 | 11.0 | 11.3 | **106.8** |
| Operating Grants & Subsidies, Cont's & Reimb's | 5 | 3.2 | 4.6 | 4.7 | 4.8 | 4.9 | 5.1 | 5.2 | 5.4 | 5.6 | 5.8 | 6.0 | 6.2 | 6.5 | 6.7 | 6.9 | 7.2 | 7.4 | 7.7 | 7.9 | 8.2 | **120.2** |
| Investment Earnings | 6 | 3.9 | 3.4 | 3.7 | 4.2 | 5.3 | 6.5 | 7.4 | 8.2 | 9.2 | 10.5 | 11.7 | 12.7 | 14.1 | 13.8 | 13.7 | 15.6 | 17.8 | 19.9 | 20.0 | 20.2 | **221.6** |
| Profit on Disposal | 7 | 1.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **1.7** |
| **Total Operating Revenue** | **8** | **146.7** | **150.5** | **157.0** | **163.1** | **171.2** | **180.1** | **188.7** | **197.4** | **209.4** | **221.2** | **231.3** | **243.4** | **255.5** | **265.5** | **277.0** | **291.1** | **305.5** | **320.1** | **333.3** | **347.1** | 4,655.0 |
| **Operating Expenses** | | | | | | | | | | | | | | | | | | | | | | |
| Employment Costs: Base | 9 | (64.2) | (65.5) | (66.5) | (67.9) | (69.9) | (72.0) | (74.1) | (76.4) | (79.0) | (81.8) | (84.7) | (87.6) | (90.7) | (93.9) | (97.2) | (100.6) | (104.1) | (107.7) | (111.5) | (115.4) | **(1,710.7)** |
| Employment Costs: Growth | 10 | 0.0 | 0.0 | 0.1 | 0.1 | (0.0) | (0.2) | (0.5) | (1.0) | (1.4) | (1.5) | (1.9) | (2.8) | (3.1) | (3.4) | (3.6) | (4.0) | (4.2) | (4.3) | (4.5) | (4.6) | **(40.8)** |
| Materials and Contracts: Base | 11 | (50.4) | (52.6) | (53.0) | (54.1) | (55.5) | (57.1) | (58.8) | (60.8) | (62.9) | (65.1) | (67.3) | (69.6) | (72.1) | (74.5) | (77.1) | (79.7) | (82.5) | (85.3) | (88.3) | (91.3) | **(1,358.2)** |
| Materials and Contracts: Growth | 12 | 0.0 | 0.0 | 1.2 | 0.9 | 1.1 | 1.0 | 0.8 | 0.5 | 0.4 | 0.4 | (0.3) | (1.6) | (1.9) | (2.3) | (2.7) | (3.2) | (3.4) | (3.5) | (3.6) | (3.7) | **(19.7)** |
| Utilities | 13 | (5.5) | (5.6) | (5.8) | (6.0) | (6.2) | (6.5) | (6.7) | (7.0) | (7.3) | (7.6) | (8.0) | (8.6) | (8.9) | (9.3) | (9.7) | (10.1) | (10.6) | (11.0) | (11.4) | (11.9) | **(163.8)** |
| Interest on Borrowings: Existing | 14 | (0.6) | (0.5) | (0.3) | (0.2) | (0.1) | (0.1) | (0.0) | (0.0) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(1.8)** |
| Interest on Borrowings: New | 15 | 0.0 | 0.0 | 0.0 | 0.0 | (0.0) | (0.4) | (1.4) | (1.4) | (1.3) | (0.9) | (0.6) | (0.5) | (0.5) | (0.4) | (0.4) | (0.3) | (0.3) | (0.2) | (0.2) | (0.1) | **(9.0)** |
| Insurance Expenses | 16 | (1.4) | (1.4) | (1.4) | (1.4) | (1.5) | (1.5) | (1.6) | (1.6) | (1.7) | (1.7) | (1.8) | (1.9) | (1.9) | (2.0) | (2.1) | (2.1) | (2.2) | (2.3) | (2.4) | (2.5) | **(36.3)** |
| Depreciation: Existing | 17 | (30.7) | (30.8) | (30.8) | (30.8) | (30.8) | (31.7) | (32.7) | (33.8) | (35.0) | (36.3) | (37.5) | (38.8) | (40.2) | (41.6) | (43.1) | (44.6) | (46.1) | (47.7) | (49.4) | (51.1) | **(763.7)** |
| Depreciation: New | 18 | 0.0 | 0.0 | (0.3) | (0.6) | (0.9) | (1.2) | (1.6) | (1.9) | (2.1) | (2.3) | (3.1) | (3.9) | (4.1) | (4.3) | (5.5) | (5.7) | (5.9) | (6.1) | (6.3) | (8.1) | **(63.9)** |
| Loss on Disposal | 19 | (0.6) | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(0.8)** |
| **Total Operating Expenses** | **20** | **(153.4)** | **(156.6)** | **(156.7)** | **(160.0)** | **(163.9)** | **(169.6)** | **(176.7)** | **(183.4)** | **(190.5)** | **(196.8)** | **(205.2)** | **(215.4)** | **(223.4)** | **(231.6)** | **(241.3)** | **(250.5)** | **(259.2)** | **(268.2)** | **(277.5)** | **(288.8)** | (4,168.7) |
| **Net Operating Surplus (Deficit)** | **21** | **(6.7)** | **(6.1)** | **0.3** | **3.0** | **7.4** | **10.5** | **12.0** | **13.9** | **18.9** | **24.4** | **26.1** | **28.0** | **32.1** | **33.9** | **35.7** | **40.6** | **46.3** | **51.9** | **55.7** | **58.3** | 486.3 |

## Financial Statement 2: Source and Application of Funds

| | | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Line | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| **Source of Funds** | | | | | | | | | | | | | | | | | | | | | | |
| Rates | 22 | 97.6 | 100.9 | 105.0 | 108.9 | 114.5 | 120.6 | 126.6 | 132.3 | 140.9 | 149.3 | 156.2 | 162.7 | 170.6 | 178.0 | 186.7 | 195.7 | 205.2 | 215.1 | 225.4 | 236.3 | **3,128.5** |
| Fees & Charges | 23 | 40.4 | 41.6 | 43.6 | 45.1 | 46.5 | 47.9 | 49.4 | 51.5 | 53.7 | 55.6 | 57.5 | 61.7 | 64.4 | 67.0 | 69.7 | 72.6 | 75.0 | 77.4 | 79.9 | 82.4 | **1,183.0** |
| Operating Grants | 24 | 3.2 | 4.6 | 4.7 | 4.8 | 4.9 | 5.1 | 5.2 | 5.4 | 5.6 | 5.8 | 6.0 | 6.2 | 6.5 | 6.7 | 6.9 | 7.2 | 7.4 | 7.7 | 7.9 | 8.2 | **120.2** |
| Investment Earnings | 25 | 3.9 | 3.4 | 3.7 | 4.2 | 5.3 | 6.5 | 7.4 | 8.2 | 9.2 | 10.5 | 11.7 | 12.7 | 14.1 | 13.8 | 13.7 | 15.6 | 17.8 | 19.9 | 20.0 | 20.2 | **221.6** |
| Capital Grants | 26 | 10.5 | 9.4 | 5.7 | 6.2 | 5.7 | 5.9 | 5.6 | 5.8 | 6.0 | 31.2 | 31.4 | 6.6 | 6.8 | 7.1 | 7.3 | 7.6 | 7.9 | 8.1 | 8.4 | 8.7 | **191.7** |
| Proceeds from Sale of Assets | 27 | 6.8 | 3.1 | 4.1 | 9.0 | 5.0 | 4.6 | 5.0 | 5.6 | 11.4 | 13.6 | 7.8 | 4.2 | 1.5 | 0.9 | 1.0 | 1.3 | 0.8 | 0.9 | 1.7 | 1.8 | **90.2** |
| Borrowings | 28 | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 | 18.6 | 5.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **25.4** |
| **Source of Funds** | **29** | **162.4** | **163.0** | **166.9** | **178.2** | **183.4** | **209.1** | **204.6** | **208.8** | **226.7** | **266.0** | **270.5** | **254.2** | **263.8** | **273.5** | **285.3** | **300.0** | **314.1** | **329.1** | **343.4** | **357.6** | **4,960.7** |
| **Application of Funds** | | | | | | | | | | | | | | | | | | | | | | |
| Operations and Maintenance | 30 | (121.5) | (125.1) | (125.4) | (128.4) | (132.0) | (136.3) | (141.0) | (146.3) | (152.0) | (157.3) | (164.0) | (172.1) | (178.6) | (185.3) | (192.4) | (199.9) | (206.9) | (214.1) | (221.7) | (229.4) | **(3,329.6)** |
| Capital Expenditure: Renewal | 31 | (25.5) | (20.0) | (20.7) | (19.1) | (20.5) | (21.8) | (36.3) | (39.5) | (46.6) | (43.4) | (30.3) | (44.8) | (48.5) | (55.7) | (53.9) | (40.4) | (54.5) | (58.5) | (66.0) | (65.1) | **(811.2)** |
| Capital Expenditure: Upgrade | 32 | (6.9) | (5.2) | (10.1) | (9.7) | (6.4) | (5.8) | (9.1) | (9.4) | (6.8) | (7.1) | (7.3) | (7.6) | (7.8) | (8.1) | (8.4) | (8.7) | (9.0) | (9.3) | (9.6) | (10.0) | **(162.2)** |
| Capital Expenditure: New | 33 | (2.7) | (15.0) | (7.5) | (6.5) | (7.7) | (20.8) | (7.4) | (1.1) | (1.1) | (41.2) | (41.2) | (1.3) | (1.3) | (63.7) | (1.4) | (1.5) | (1.5) | (1.6) | (93.0) | (1.6) | **(319.2)** |
| Debt Service Costs | 34 | (3.7) | (3.7) | (3.6) | (2.6) | (2.0) | (1.6) | (3.1) | (3.1) | (8.1) | (8.0) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | (1.2) | **(51.7)** |
| Reserves Net Transfer | 35 | (2.1) | 6.1 | 0.3 | (11.8) | (14.9) | (22.9) | (7.6) | (9.2) | (12.1) | (9.0) | (26.5) | (27.3) | (26.4) | 40.5 | (28.0) | (48.4) | (41.0) | (44.4) | 48.1 | (50.3) | **(286.8)** |
| **Application of Funds** | **36** | **(162.4)** | **(163.0)** | **(166.9)** | **(178.2)** | **(183.4)** | **(209.1)** | **(204.6)** | **(208.8)** | **(226.7)** | **(266.0)** | **(270.5)** | **(254.2)** | **(263.8)** | **(273.5)** | **(285.3)** | **(300.0)** | **(314.1)** | **(329.1)** | **(343.4)** | **(357.6)** | **(4,960.7)** |
| **Cashflow Summary** | | | | | | | | | | | | | | | | | | | | | | |
| | | 162 | 163 | 167 | 178 | 183 | 209 | 205 | 209 | 227 | 266 | 271 | 254 | 264 | 274 | 285 | 300 | 314 | 329 | 343 | 358 | Total |
| Cashflow Movements for the Year | 37 | 2.1 | (6.1) | (0.3) | 11.8 | 14.9 | 22.9 | 7.6 | 9.2 | 12.1 | 9.0 | 26.5 | 27.3 | 26.4 | (40.5) | 28.0 | 48.4 | 41.0 | 44.4 | (48.1) | 50.3 | 286.8 |
| Reserve Balance at End of Year | 38 | 73.4 | 67.8 | 67.6 | 79.4 | 94.3 | 117.2 | 124.8 | 134.0 | 146.1 | 155.2 | 181.6 | 208.9 | 235.3 | 194.7 | 222.7 | 271.1 | 312.2 | 356.6 | 308.4 | 358.7 | 358.7 |

## Financial Statement 3: Rate Setting Estimates

| | | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Line | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| **Deficit before Rates** | | | | | | | | | | | | | | | | | | | | | | |
| Revenue, exluding Rates | 39 | 47.5 | 49.6 | 52.0 | 54.1 | 56.7 | 59.5 | 62.1 | 65.1 | 68.5 | 71.9 | 75.2 | 80.7 | 84.9 | 87.5 | 90.3 | 95.4 | 100.2 | 105.0 | 107.8 | 110.8 | **1,524.8** |
| Expenses (Cash only) | 40 | (122.1) | (125.6) | (125.6) | (128.6) | (132.1) | (136.7) | (142.4) | (147.7) | (153.3) | (158.3) | (164.6) | (172.6) | (179.1) | (185.8) | (192.7) | (200.2) | (207.2) | (214.4) | (221.8) | (229.6) | **(3,340.3)** |
| Deficit before Capital Expenditure | 41 | (74.6) | (75.9) | (73.6) | (74.5) | (75.4) | (77.2) | (80.3) | (82.6) | (84.8) | (86.4) | (89.4) | (91.9) | (94.2) | (98.3) | (102.5) | (104.8) | (107.0) | (109.4) | (114.0) | (118.7) | **(1,815.5)** |
| Capital Expenditure | 42 | (35.1) | (40.3) | (38.3) | (35.4) | (34.5) | (48.4) | (52.8) | (50.1) | (54.5) | (91.6) | (78.8) | (53.6) | (57.6) | (127.5) | (63.7) | (50.5) | (65.0) | (69.4) | (168.7) | (76.7) | **(1,292.6)** |
| Deficit before Rates | 43 | (109.7) | (116.2) | (111.9) | (109.8) | (109.9) | (125.6) | (133.2) | (132.7) | (139.3) | (178.0) | (168.2) | (145.6) | (151.8) | (225.8) | (166.2) | (155.3) | (172.0) | (178.8) | (282.7) | (195.5) | **(3,108.1)** |
| **Funding** | | | | | | | | | | | | | | | | | | | | | | |
| Opening Funds | 44 | 0.1 | 0.5 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | (0.0) | 0.0 | (0.0) | 0.0 | **0.1** |
| Capital Grants | 45 | 10.5 | 9.4 | 5.7 | 6.2 | 5.7 | 5.9 | 5.6 | 5.8 | 6.0 | 31.2 | 31.4 | 6.6 | 6.8 | 7.1 | 7.3 | 7.6 | 7.9 | 8.1 | 8.4 | 8.7 | **191.7** |
| Capital Proceeds | 46 | 6.8 | 3.1 | 4.1 | 9.0 | 5.0 | 4.6 | 5.0 | 5.6 | 11.4 | 13.6 | 7.8 | 4.2 | 1.5 | 0.9 | 1.0 | 1.3 | 0.8 | 0.9 | 1.7 | 1.8 | **90.2** |
| Loans - repayment of principal | 47 | (3.1) | (3.2) | (3.3) | (2.4) | (1.8) | (1.1) | (1.7) | (1.8) | (6.8) | (7.0) | (0.7) | (0.7) | (0.8) | (0.8) | (0.8) | (0.9) | (0.9) | (1.0) | (1.0) | (1.1) | **(41.0)** |
| Transfer from Reserves | 48 | 13.2 | 13.4 | 10.5 | 7.2 | 8.7 | 3.3 | 2.8 | 2.9 | 0.0 | 15.0 | 16.6 | 1.7 | 0.7 | 62.3 | 0.0 | 0.2 | 0.0 | 0.0 | 92.6 | 1.5 | **252.6** |
| Transfer to Reserves | 49 | (15.0) | (7.8) | (10.3) | (19.0) | (23.6) | (26.1) | (10.4) | (12.1) | (12.1) | (24.0) | (43.0) | (28.9) | (27.1) | (21.8) | (28.0) | (48.6) | (41.0) | (44.4) | (44.5) | (51.8) | **(539.7)** |
| Borrowings | 50 | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 | 18.6 | 5.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **25.4** |
| Amount to be made up by Rates | 51 | 97.6 | 100.9 | 105.0 | 108.9 | 114.5 | 120.6 | 126.6 | 132.3 | 140.9 | 149.3 | 156.2 | 162.7 | 170.6 | 178.0 | 186.7 | 195.7 | 205.2 | 215.1 | 225.4 | 236.3 | **3,128.5** |
| Rates % increase | 52 | 1.95% | 2.95% | 3.4% | 3.4% | 4.5% | 4.5% | 4.5% | 4.0% | 4.5% | 4.0% | 4.5% | 4.0% | 4.5% | 4.0% | 4.5% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | |

## Financial Statement 4: Statement of Financial Position Estimates

| Overall Values | | Jun-17 | Jun-18 | Jun-19 | Jun-20 | Jun-21 | Jun-22 | Jun-23 | Jun-24 | Jun-25 | Jun-26 | Jun-27 | Jun-28 | Jun-29 | Jun-30 | Jun-31 | Jun-32 | Jun-33 | Jun-34 | Jun-35 | Jun-36 | Jun-37 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Line | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| Assets | | | | | | | | | | | | | | | | | | | | | | |
| Current Assets | 53 | 95.3 | 97.5 | 91.5 | 91.2 | 103.1 | 118.1 | 141.1 | 148.8 | 158.2 | 170.4 | 179.6 | 206.2 | 233.6 | 260.1 | 219.7 | 247.8 | 296.4 | 337.6 | 382.1 | 334.1 | 384.5 |
| Non Current Assets | 54 | 1,429.9 | 1,428.5 | 1,434.7 | 1,437.7 | 1,432.7 | 1,430.5 | 1,441.4 | 1,454.9 | 1,463.5 | 1,469.6 | 1,509.1 | 1,539.4 | 1,546.1 | 1,557.9 | 1,638.6 | 1,652.8 | 1,651.7 | 1,663.9 | 1,678.5 | 1,789.8 | 1,805.5 |
| Total Assets | 55 | 1,525.2 | 1,526.0 | 1,526.1 | 1,528.9 | 1,535.7 | 1,548.6 | 1,582.4 | 1,603.7 | 1,621.7 | 1,640.0 | 1,688.7 | 1,745.6 | 1,779.7 | 1,818.1 | 1,858.3 | 1,900.7 | 1,948.1 | 2,001.5 | 2,060.6 | 2,123.9 | 2,190.0 |
| Liabilities | | | | | | | | | | | | | | | | | | | | | | |
| Current Liabilities | 56 | (28.8) | (28.9) | (29.1) | (29.3) | (29.5) | (29.8) | (30.1) | (30.5) | (30.8) | (31.2) | (31.6) | (32.0) | (32.4) | (32.7) | (33.1) | (33.5) | (33.9) | (34.2) | (34.6) | (35.0) | (35.4) |
| Non Current Liabilities | 57 | (15.2) | (12.1) | (8.9) | (5.6) | (3.2) | (2.8) | (20.3) | (23.9) | (22.1) | (15.3) | (8.3) | (7.6) | (6.9) | (6.1) | (5.3) | (4.5) | (3.6) | (2.7) | (1.7) | (0.7) | 0.4 |
| Total Liabilities | 58 | (44.0) | (41.1) | (38.0) | (34.9) | (32.7) | (32.6) | (50.4) | (54.3) | (52.9) | (46.5) | (39.9) | (39.6) | (39.2) | (38.8) | (38.4) | (38.0) | (37.5) | (36.9) | (36.3) | (35.7) | (35.0) |
| **Net Assets** | **59** | **1,481.1** | **1,484.9** | **1,488.1** | **1,494.0** | **1,503.0** | **1,515.9** | **1,532.0** | **1,549.4** | **1,568.8** | **1,593.5** | **1,648.8** | **1,706.1** | **1,740.5** | **1,779.2** | **1,819.9** | **1,862.7** | **1,910.6** | **1,964.5** | **2,024.3** | **2,088.2** | **2,155.0** |
| Equity | | | | | | | | | | | | | | | | | | | | | | |
| Retained Surplus | 60 | 553.2 | 528.7 | 510.7 | 495.7 | 478.5 | 459.1 | 445.8 | 450.0 | 454.5 | 467.1 | 483.4 | 481.0 | 484.8 | 495.8 | 452.4 | 467.2 | 466.3 | 479.2 | 494.5 | 421.3 | 434.8 |
| Reserves – Cash backed | 61 | 69.5 | 97.7 | 118.9 | 139.8 | 166.0 | 198.3 | 227.7 | 240.9 | 255.8 | 267.9 | 306.9 | 366.6 | 397.2 | 424.9 | 509.1 | 537.0 | 585.8 | 626.9 | 671.3 | 808.4 | 861.7 |
| Reserves – Asset Revaluation | 62 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 | 858.5 |
| **Equity** | **63** | **1,481.1** | **1,484.9** | **1,488.1** | **1,494.0** | **1,503.0** | **1,515.9** | **1,532.0** | **1,549.4** | **1,568.8** | **1,593.5** | **1,648.8** | **1,706.1** | **1,740.5** | **1,779.2** | **1,819.9** | **1,862.7** | **1,910.6** | **1,964.5** | **2,024.3** | **2,088.2** | **2,155.0** |
| Movements | | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Total |
| Assets | | | | | | | | | | | | | | | | | | | | | | |
| Current Assets | 64 | 2.1 | (6.0) | (0.3) | 11.9 | 15.0 | 23.0 | 7.8 | 9.4 | 12.2 | 9.1 | 26.6 | 27.4 | 26.5 | (40.4) | 28.1 | 48.6 | 41.2 | 44.6 | (48.0) | 50.4 | 289.2 |
| Non Current Assets | 65 | (1.4) | 6.1 | 3.1 | (5.0) | (2.2) | 10.9 | 13.5 | 8.7 | 6.0 | 39.5 | 30.4 | 6.7 | 11.8 | 80.7 | 14.2 | (1.1) | 12.2 | 14.6 | 111.3 | 15.7 | 375.7 |
| **Total Assets** | **66** | **0.8** | **0.1** | **2.8** | **6.8** | **12.8** | **33.9** | **21.3** | **18.0** | **18.3** | **48.6** | **57.0** | **34.1** | **38.3** | **40.3** | **42.3** | **47.5** | **53.3** | **59.2** | **63.3** | **66.1** | **664.8** |
| Liabilities | | | | | | | | | | | | | | | | | | | | | | |
| Current Liabilities | 67 | (0.1) | (0.2) | (0.2) | (0.2) | (0.3) | (0.3) | (0.3) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (0.4) | (6.6) |
| Non Current Liabilities | 68 | 3.1 | 3.2 | 3.3 | 2.4 | 0.3 | (17.4) | (3.6) | 1.8 | 6.8 | 7.0 | 0.7 | 0.7 | 0.8 | 0.8 | 0.8 | 0.9 | 0.9 | 1.0 | 1.0 | 1.1 | 15.6 |
| Total Liabilities | 69 | 3.0 | 3.0 | 3.1 | 2.2 | 0.1 | (17.8) | (3.9) | 1.4 | 6.4 | 6.7 | 0.3 | 0.3 | 0.4 | 0.4 | 0.5 | 0.5 | 0.5 | 0.6 | 0.6 | 0.7 | 9.0 |
| **Net Assets** | **70** | **3.8** | **3.2** | **5.9** | **9.0** | **12.9** | **16.1** | **17.4** | **19.4** | **24.7** | **55.3** | **57.3** | **34.4** | **38.7** | **40.7** | **42.8** | **48.0** | **53.9** | **59.8** | **63.9** | **66.8** | **673.8** |
| Equity | | | | | | | | | | | | | | | | | | | | | | |
| Retained Surplus | 71 | (24.4) | (18.0) | (15.0) | (17.2) | (19.5) | (13.3) | 4.2 | 4.5 | 12.6 | 16.3 | (2.3) | 3.8 | 10.9 | (43.4) | 14.8 | (0.8) | 12.9 | 15.4 | (73.2) | 13.5 | (118.4) |
| Reserves – Cash backed | 72 | 28.2 | 21.2 | 20.9 | 26.2 | 32.3 | 29.4 | 13.2 | 14.9 | 12.1 | 39.0 | 59.6 | 30.6 | 27.8 | 84.1 | 28.0 | 48.8 | 41.0 | 44.4 | 137.1 | 53.3 | 792.3 |
| Reserves – Asset Revaluation | 73 | | | | | | | | | | | | | | | | | | | | | |
| Equity | 74 | 3.8 | 3.2 | 5.9 | 9.0 | 12.9 | 16.1 | 17.4 | 19.4 | 24.7 | 55.3 | 57.3 | 34.4 | 38.7 | 40.7 | 42.8 | 48.0 | 53.9 | 59.8 | 63.9 | 66.8 | 673.8 |

# Operating Revenues

### Rates: Base (Line 1)

Rates Base income has been calculated by applying a % increase to the previous year's total Rates Income. The starting point in the projections is the 2018/19 budget. The increases for 2019/20 to 2021/22 derive from the scenario analysis explained in section 8, the increases thereafter are the same as the previously adopted plan.

One of the core assumptions within the City's Guiding Principles is to ensure that the plan is constructed without any rates increase above 5%, and this is achieved in all years.

### Rates: Growth (Line 2)

Increase in rates as a result of volume growth i.e. new assessments for new dwellings or commercial growth. The plan has assumed a total of 7,304 new dwellings by 2036/37, an average of 384 per year, and an increase in commercial square metres assessed of 202,396 sqm which equates to approximately 28% increase in business rates revenue.

### Fees and Charges Base (Line 3)

There are 13 sets of Fees and Charges, each of which has been reviewed separately, these includes charges for recreation, Leisure Centre charges, planning and building fees, car parking fees, fines & penalties, dog/cat registration income, property hire and inspection fees. The projections are based on 2018-19 budget, with a % increase assumed each year; see Supporting Schedule 1 for more details of the increases. Some of the fees may increase each year but other fees (e.g. dog/cat registration income) can be volatile.

### Fees and Charges Growth (Line 4)

Estimated additional income for new services or facilities, including Craigie Leisure Centre Upgrades, Joondalup Performing Arts and Culture Facility, Edgewater Quarry and second Multi Storey Car Park.

### Operational Grants, Contributions and Reimbursements (Line 5)

Includes all normally expected operating grants such as grants commission, but excludes capital grants. A CPI increase has been factored in each year.

### Investment Earnings (Line 6)

Interest earned on the investment of cash held by the City, including both reserve funds and municipal funds. The earnings rate applied are listed in Supporting Schedule 1.

### Profit on Disposal (Line 7)

Represents the book profit on disposal of City assets. Values are only shown for Year 1 and 2, as no profits on disposal are projected for future years. There are likely to be profits in future years but they are excluded from the Operating Projections because they distort the operating surplus/ (deficit), and are a non-cash item.

### Operating Income (Line 8)

Sum of lines 1 to 7, this is the overall operational revenue earned by the City.

# Operating Expenses

### Employment Expenses Base (Line 9)

All expenditure associated with the employment of staff. Largest item is salaries and wages but also includes superannuation, recruitment costs, advertising, uniforms and training. The increases for 2019/20, 2020/21 and 2021/22 derive from the scenario analysis explained in section 8, the increases thereafter are the same as the previously adopted plan. The increases included in the 20 Year Strategic Financial Plan do not dictate the outcomes of the Enterprise Agreements.

### Employment Costs: Growth (Line 10)

Estimated additional employment costs for new services or facilities. Also includes increase in costs to meet increase in Superannuation Guarantee increase to 12%, this will be increase by 0.5% per year from 2021/22 until it reaches 12% by 2025/26.

### Materials and Contracts: Base (Line 11)

Includes expenditure for the purchase of materials, supplies, services and insurance. There are 19 separate items each has been reviewed separately with a separate escalation factor, as listed in Supporting Schedule 1.

### Materials and Contracts: Growth (Line 12)

Estimated additional expenditure for new services or facilities.

### Utilities. (Line 13)

All expenditure for the purchase of water, power and gas. Projections are based on 2018-19 budget, also includes additional expenditure for new services or facilities.

### Interest on Borrowings: Existing (Line 14)

Interest on loan borrowings that are already set up.

### Interest on Borrowings: New (Line 15)

Interest on new loan borrowings that are estimated to be set up in future years. The new borrowings are explained in section 6.

### Insurance (Line 16)

Expenses for insurance of assets and workplace insurance.

### Depreciation: Existing (Line 17)

Expense of using existing assets over useful life, 2018-19 budget is used as start point. No increases for next few years because updated Asset Management plans has the potential to reduce or increase depreciation. This is a non-cash item, but is important as it gives an indication of the cost of using assets and eventual renewal costs.

### Depreciation: New (Line 18)

New expense that arises from new capital purchases, this is also a non-cash item.

### Loss on Disposal (Line 19)

Represents the book loss on disposal of City assets and is a non-cash item. Similar to Profit on Disposal, a value is only shown for Year 1 and Year 2.

### Total Operating Expenses (Line 20)

Sum of lines 9 to 19. This is the overall expenses necessary for day to day activities.

### Net Operating Surplus (Deficit) (Line 21)

Total Operating Revenue (line 8) less Total Operating Expenses (line 20).

## Source Funds

**Rates (Line 22)**

Line 1 and 2 from Operating Statement. The total rates revenue from existing households/ businesses and an estimate of future growth.

**Fees and Charges (Line 23)**

Line 3 and 4 from Operating Statement. The total fees and charges based on existing services and projected growth from new services or assets.

**Operating Grants (Line 24)**

Line 5 from Operating Statement.

**Investment Earnings (Line 25)**

Line 6 from Operating Statement.

**Capital Grants (Line 26)**

Grants to be received for specific capital projects, as explained in Section 6.

**Proceeds from Sale of Assets (Line 27)**

The cash achieved from sale of assets, as explained in Section 6.

**Borrowings (Line 28)**

Cash received for loans. This is explained in Section 6.

**Source of Funds (Line 29)**

Sum of Lines 22 to 28. This is the total cash received by the City.

## Application of Funds

**Operations and Maintenance (Line 30)**

Line 9 to 13 and Line 16 from Operating Statement. All cash expenses required for operation/ maintenance of existing and new assets.

**Capital Expenditure: Renewal (Line 31)**

This represents total Capital Expenditure for the replacement or renewal of existing capital assets.

**Capital Expenditure: Upgrade (Line 32)**

This represents estimated Capital Expenditure required on improvement or change of use of existing assets.

**Capital Expenditure: New (Line 33)**

This represents estimated Capital Expenditure required on new assets.

**Debt Service Costs (Line 34)**

Interest Costs and repayment of principal of loans, both current and projected new loans.

**Reserves Net Transfer (Line 35)**

The sum of Transfers into Reserves and Transfers out of Reserves.

**Application of Funds (Line 36)**

Sum of Lines 30 to 35. This represents the total outgoings of the City, and includes the net transfers to reserves.

## Cashflow Summary

**Cash Flow Movements for the Year (Line 37)**

Source of Funds (Line 29) less Outgoings excluding reserves (Lines 30 to 35). This line represents the total net cashflow for the year.

**Reserves Balance at End of Year (Line 38)**

Previous Year's balance plus net reserves transfer in/out.

## Deficit before Rates

**Revenue, excluding Rates (Line 39)**

All non-rate revenue.

Cash related revenue only.

Line 8 (Total Operating Revenue) less Line 1 and 2 (Rates) and less Profit on Disposal (non-cash item).

**Expenses (cash only) (Line 40)**

Cash related revenue only.

Line 20 (Total Operating Expenses) less non-cash items (Line 17, 18 and 19).

**Deficit before Capital Expenditure (Line 41)**

Sum of 2 lines above.

**Capital Expenditure (Line 42)**

As per Line 31, 32 and 33.

**Deficit before Rates (Line 43)**

Line 41 less Line 42.

## Funding

**Opening Funds (Line 44)**

Municipal cash balance from end of the previous year.

**Capital Grants (Line 45)**

As per Line 26.

**Capital Proceeds (Line 46)**

As per Line 27.

**Loans – repayment of principal (Line 47)**

Repayment of loans both existing and new.

**Transfers from Reserves (Line 48)**

Total cash transferred from Reserves to Municipal.

**Transfer to Reserves (Line 49)**

Total cash transferred from Municipal to Reserves.

**Borrowings (Line 50)**

As per line 28.

**Amount to be made up by Rates (Line 51)**

Amount of rates required to be raised to fund the annual budget. Line 43 less sum of Lines 44 to 50.

**Rates % Increase (Line 52)**

Cash related revenue only.

% increase of rates compared to the previous year.

## Overall Values

**Current Assets (Line 53)**

Short term assets such as cash and debtor receivables.

**Non Current Assets (Line 54)**

Fixed assets at net book value (i.e. less accumulated Depreciation).

**Total Assets (Line 55)**

Sum of lines 53 and 524.

**Current Liabilities (Line 56)**

Short term liabilities such as creditors.

**Non Current Liabilities (Line 57)**

Long term liabilities such as outstanding loan principal.

**Total Liabilities (Line 58)**

Sum of lines 56 and 57.

**Net Assets (Line 59)**

Line 56 less line 59.

**Retained Surplus (Line 60)**

Cumulative retained surpluses generated since the inception of the City.

**Reserves – Cash backed (Line 61)**

Cash held in reserves established for specific purposes.

**Reserves – Asset Revaluation (Line 62)**

Increased book value (i.e. not cash) of assets resulting from revaluations.

**Equity (Line 63)**

Sum of Lines 61 to Line 63.

**Lines 64 to 74**

Summary of the movements in assets, liabilities and equity (lines 53 to 63) between successive years.

## Supporting Schedule: Operating Assumptions

| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **External Environment** | | | | | | | | | | | | | | | | | | | | | |
| Population | | 162,742 | 163,444 | 164,105 | 164,759 | 165,377 | 166,072 | 166,762 | 167,512 | 168,331 | 169,131 | 169,992 | 170,877 | 171,771 | 172,703 | 173,370 | 174,232 | 175,259 | 176,331 | 177,438 | |
| Dwellings | 60,189 | 60,398 | 60,675 | 60,904 | 61,149 | 61,560 | 61,822 | 62,042 | 62,262 | 62,428 | 62,548 | 62,668 | 62,988 | 63,308 | 63,654 | 64,413 | 65,183 | 65,953 | 66,723 | 67,493 | **63,062** |
| Perth CPI | 1.0% | 1.5% | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.1%** |
| Wages CPI | 1.5% | 1.8% | 2.8% | 3.0% | 3.3% | | | | | | | | | | | | | | | | **0.6%** |
| **Rates Revenue** | | | | | | | | | | | | | | | | | | | | | |
| Rates % Increase on Base Revenue | | 2.95% | 3.4% | 3.4% | 4.5% | 4.5% | 4.5% | 4.0% | 4.5% | 4.0% | 4.5% | 4.0% | 4.5% | 4.0% | 4.5% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | **4.1%** |
| **Fees and Charges – By Service** | | | | | | | | | | | | | | | | | | | | | |
| Refuse Charges | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Bulding and Development Fees (CRS) | | | | | | 3.0% | | | | | 3.0% | | | | | 3.0% | | | | | **0.5%** |
| Building and Development Fees (PS) | | | | | | 3.0% | | | | | 3.0% | | | | | 3.0% | | | | | **0.5%** |
| Licenses and Registrations, excl Dog and Cat | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Sports and Recreation Fees | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Hire and Rentals/Leases | | | 3.0% | 3.3% | 3.5% | 4.0% | 4.0% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | **4.2%** |
| Inspection and Control Fees | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Fines and Penalties | | | | 3.0% | | | 3.0% | | | 3.0% | | | 3.0% | | | 3.0% | | | 3.0% | | **1.0%** |
| Parking Fees | | | 10.9% | 9.9% | 4.9% | 4.6% | 4.4% | 4.2% | 4.1% | 3.9% | 3.8% | 3.6% | 3.5% | 3.4% | 3.3% | 3.2% | 3.1% | 3.0% | 2.9% | 2.9% | **4.4%** |
| Other Fees and Charges | | | | | 3.0% | | | | 3.0% | | | | 3.0% | | | | 3.0% | | | | **0.7%** |
| Other Revenue | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |

## Supporting Schedule 1: Operating Assumptions

| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Expenses** | | | | | | | | | | | | | | | | | | | | | |
| Salaries and Wages | | 1.5% | 1.5% | 2.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Other Employment Costs | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Members Allowances and Meeting Fees | | | 3.0% | | 3.0% | | 3.0% | | 3.0% | | 3.0% | | 3.0% | | 3.0% | | 3.0% | | 3.0% | | **1.5%** |
| Accommodation and Property (Ops) | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Administration | | | -11.7% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **2.5%** |
| Telephones and Communication | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Finance Related Cost | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Professional Fees, excl Consultancy | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Public Relations, Ad | | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | **2.0%** |
| Contributions and Donations paid by City | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Computing | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Furniture, Equipment | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Other Materials | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Books and Publications | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Travel, Vehicles and Parking | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| External Services, excl Tipping Fees | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Tipping Fees | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |

## Supporting Schedule 1: Operating Assumptions

| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Waste Management Services | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Charges and Recoveries | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Electricity – Western Power (WP) Streetlighting | | | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | 3.2% | **3.2%** |
| Electricity – excluding WP Streetlighting | | | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | 5.0% | **5.0%** |
| Gas and Water | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Insurance Expenses | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Depreciation: Existing | | | | | | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **2.9%** |
| **Capital and Grants** | | | | | | | | | | | | | | | | | | | | | |
| Capital Expenditure | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| Grants | | | 2.0% | 2.3% | 2.5% | 3.0% | 3.0% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | **3.2%** |
| **Financing** | | | | | | | | | | | | | | | | | | | | | |
| Cash Reserves earnings | | | 2.9% | 3.1% | 3.6% | 3.8% | 4.0% | 4.2% | 4.4% | 4.6% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | 4.8% | **4.4%** |
| Borrowings: Fixed Term – 5 Years | | | 3.50% | 3.74% | 3.99% | 4.24% | 4.48% | 4.73% | 4.98% | 5.22% | 5.39% | 5.39% | 5.39% | 5.39% | 5.39% | 5.39% | 5.39% | 5.39% | 5.39% | 5.39% | **4.93%** |
| Borrowings: Fixed Term – 10 Years | | | 4.16% | 4.37% | 4.58% | 4.79% | 5.01% | 5.22% | 5.43% | 5.64% | 5.78% | 5.78% | 5.78% | 5.78% | 5.78% | 5.78% | 5.78% | 5.78% | 5.78% | 5.78% | **5.39%** |
| Borrowings: Fixed Term – 15 Years | | | 4.56% | 4.74% | 4.91% | 5.08% | 5.25% | 5.42% | 5.60% | 5.77% | 5.88% | 5.84% | 5.84% | 5.84% | 5.84% | 5.84% | 5.84% | 5.84% | 5.84% | 5.84% | **5.54%** |
| Borrowings: Fixed Term – 20 Years | | | 4.79% | 4.94% | 5.09% | 5.24% | 5.39% | 5.53% | 5.68% | 5.83% | 5.93% | 5.93% | 5.93% | 5.93% | 5.93% | 5.93% | 5.93% | 5.93% | 5.93% | 5.93% | **5.66%** |

| Supporting Schedule 2: Capital Expenditure by Asset Class, Type and Cause | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| by Asset Class | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Total |
| | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| Excluding Escalation | | | | | | | | | | | | | | | | | | | | | |
| 1. Buildings | (9.0) | (9.2) | (14.4) | (10.4) | (9.7) | (20.7) | (10.3) | (5.0) | (1.6) | (41.6) | (41.6) | (1.6) | (1.6) | (44.8) | (1.6) | (1.6) | (1.6) | (1.6) | (54.9) | (1.6) | **(284.1)** |
| 2. Parks | (5.6) | (6.2) | (5.1) | (5.2) | (5.1) | (5.0) | (4.6) | (5.1) | (5.1) | (5.2) | (5.2) | (5.5) | (5.5) | (5.5) | (5.5) | (5.5) | (5.5) | (5.5) | (5.5) | (5.5) | **(106.2)** |
| 3. Drainage | (1.2) | (0.8) | (0.9) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | (0.6) | **(12.4)** |
| 4. Transport, excl Roads | (4.0) | (6.6) | (3.6) | (3.6) | (3.4) | (3.4) | (3.1) | (3.5) | (3.5) | (3.5) | (3.5) | (3.5) | (2.7) | (2.7) | (2.7) | (2.7) | (2.7) | (2.7) | (2.7) | (2.7) | **(66.7)** |
| 5. Roads | (9.9) | (7.2) | (6.6) | (7.3) | (7.6) | (7.8) | (12.5) | (12.5) | (12.5) | (13.5) | (13.5) | (13.5) | (14.5) | (14.5) | (14.5) | (15.5) | (15.5) | (15.5) | (15.5) | (15.5) | **(245.4)** |
| 6. Lighting | (2.1) | (1.4) | (3.3) | (2.8) | (1.8) | (1.8) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | (1.0) | **(27.3)** |
| 7. Fleet | (2.4) | (2.6) | (3.2) | (3.8) | (4.0) | (3.0) | (1.8) | (1.5) | (1.9) | (2.0) | (4.5) | (4.4) | (3.3) | (2.3) | (2.1) | (2.8) | (1.5) | (1.9) | (3.5) | (3.6) | **(55.9)** |
| 8. IT | (1.0) | (0.4) | (0.4) | (0.3) | (0.1) | (1.7) | (0.1) | (0.1) | (0.1) | (0.3) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | (0.1) | **(5.9)** |
| 9. Unspecified | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (12.6) | (13.5) | (18.7) | (13.6) | 0.0 | (9.8) | (12.2) | (17.0) | (14.7) | (3.0) | (12.2) | (13.1) | (14.8) | (12.8) | **(168.1)** |
| 10. None | 0.0 | (5.7) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(5.7)** |
| **Total, excluding Escalation** | **(35.1)** | **(40.3)** | **(37.6)** | **(33.9)** | **(32.3)** | **(43.9)** | **(46.6)** | **(42.7)** | **(44.9)** | **(81.1)** | **(69.8)** | **(39.8)** | **(41.4)** | **(88.4)** | **(42.7)** | **(32.7)** | **(40.6)** | **(41.9)** | **(98.5)** | **(43.3)** | **(977.6)** |
| Including Escalation | | | | | | | | | | | | | | | | | | | | | |
| Capital Works Program | (24.2) | (24.0) | (21.7) | (22.5) | (21.4) | (22.0) | (41.5) | (44.2) | (52.1) | (48.8) | (32.8) | (47.6) | (52.9) | (61.7) | (60.4) | (46.0) | (62.3) | (66.0) | (71.1) | (70.1) | **(893.4)** |
| Fleet, IT, Parking | (7.3) | (3.9) | (3.7) | (4.3) | (4.4) | (5.2) | (2.2) | (1.9) | (2.5) | (2.8) | (6.0) | (6.0) | (4.8) | (3.4) | (3.3) | (4.5) | (2.6) | (3.4) | (6.1) | (6.6) | **(85.1)** |
| Major Projects | (3.6) | (12.3) | (12.9) | (8.5) | (8.8) | (21.1) | (9.1) | (4.0) | 0.0 | (40.0) | (40.0) | 0.0 | 0.0 | (62.3) | 0.0 | 0.0 | 0.0 | 0.0 | (91.4) | 0.0 | **(314.1)** |
| **Total, including Escalation** | **(35.1)** | **(40.3)** | **(38.3)** | **(35.4)** | **(34.5)** | **(48.4)** | **(52.8)** | **(50.1)** | **(54.5)** | **(91.6)** | **(78.8)** | **(53.6)** | **(57.6)** | **(127.5)** | **(63.7)** | **(50.5)** | **(65.0)** | **(69.4)** | **(168.7)** | **(76.7)** | **(1,292.6)** |
| Including Escalation | | | | | | | | | | | | | | | | | | | | | |
| Renewal | (25.5) | (20.0) | (20.7) | (19.1) | (20.5) | (21.8) | (36.3) | (39.5) | (46.6) | (43.4) | (30.3) | (44.8) | (48.5) | (55.7) | (53.9) | (40.4) | (54.5) | (58.5) | (66.0) | (65.1) | **(811.2)** |
| Upgrades | (6.9) | (5.2) | (10.1) | (9.7) | (6.4) | (5.8) | (9.1) | (9.4) | (6.8) | (7.1) | (7.3) | (7.6) | (7.8) | (8.1) | (8.4) | (8.7) | (9.0) | (9.3) | (9.6) | (10.0) | **(162.2)** |
| New | (2.7) | (15.0) | (7.5) | (6.5) | (7.7) | (20.8) | (7.4) | (1.1) | (1.1) | (41.2) | (41.2) | (1.3) | (1.3) | (63.7) | (1.4) | (1.5) | (1.5) | (1.6) | (93.0) | (1.6) | **(319.2)** |
| **Total, including Escalation** | **(35.1)** | **(40.3)** | **(38.3)** | **(35.4)** | **(34.5)** | **(48.4)** | **(52.8)** | **(50.1)** | **(54.5)** | **(91.6)** | **(78.8)** | **(53.6)** | **(57.6)** | **(127.5)** | **(63.7)** | **(50.5)** | **(65.0)** | **(69.4)** | **(168.7)** | **(76.7)** | **(1,292.6)** |
| Renewal/ Upgrade/New | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % | % |
| Renewal % | 73% | 50% | 54% | 54% | 59% | 45% | 69% | 79% | 85% | 47% | 38% | 84% | 84% | 44% | 85% | 80% | 84% | 84% | 39% | 85% | **63%** |
| Upgrade % | 20% | 13% | 26% | 27% | 18% | 12% | 17% | 19% | 13% | 8% | 9% | 14% | 14% | 6% | 13% | 17% | 14% | 13% | 6% | 13% | **13%** |
| New % | 8% | 37% | 20% | 18% | 22% | 43% | 14% | 2% | 2% | 45% | 52% | 2% | 2% | 50% | 2% | 3% | 2% | 2% | 55% | 2% | **25%** |

## Supporting Schedule 3: Major Projects Assumptions

| | Major Project | Year #1 | Cost #2 | Purpose | Source of Estimate | Funding Sources |
|---|---|---|---|---|---|---|
| 1 | Heathridge Master Plan – Planning Costs only | 2017-18 | ($0.1) | Development of Master Plan | Project Costs only incurred within 2017-18 | Municipal |
| 2 | Cafes / Kiosks / Restaurants – Neil Hawkins | 2017-18 | ($0.0) | Investigate feasibility of facility at Neil Hawkins | Expenditure for 2017-18 only | Municipal |
| 3 | Better Bins - implementation of 3-bin system | 2018-19 | ($5.7) | Third bin purchased for each household | Business Case and Council Report March 2018 | State Grant and Reserves |
| 4 | Joondalup City Centre Development | 2018-19 | ($0.7) | Project Costs required to working with a proponent for City Centre Development | Project Costs only included at this stage | Reserves. Future land proceeds may offset initial costs of project. |
| 5 | Joondalup Mens Shed | 2019-20 | ($3.3) | New facility for Joondalup Mens Shed as lease on existing faciity will be expired. | Estimate is same as 2017/18 Draft SFP | City Funding $1.0m only, remainder to be externally funded |
| 6 | Cafes / Kiosks / Restaurants - Pinnaroo Point | 2018-19 | ($0.7) | Service Provision and Project Costs. New facility built by operator | Service Provision based on QS Estimate | Municipal and Reserves |
| 7 | Cafes / Kiosks / Restaurants - Burns Beach | 2019-20 | ($3.8) | Construction Costs, Service Provision and Project Costs | Indicative estimate noted by Major Projects & Finance Committee Mar 2018 | Municipal funding |
| 8 | Joondalup Administration Building –refurbishment | 2019-20 | ($5.1) | Refurbishment of Admin Building | Some works require further scoping | Reserves and municipal |
| 9 | Percy Doyle - Refurbishment Works | 2020-21 | ($5.0) | Refurbishment of existing facilities to keep in working order until Master Plan is completed. | Council Report 2015. | Grants $0.4m, Club Contribution $0.1m, rest using Reserves. |
| 10 | Craigie LC - Upgrades Phase 1 | 2020-21 | ($2.9) | Upgrade of facilities to meet future requirements. | Approved Council Report March 2018 | Reserves used where available |
| 11 | Ocean Reef Marina Business Case and Structure Plan | 2020-21 | ($0.7) | Project costs to work with State to develop Ocean Reef Marina | Estimated Project Costs | Reserve & Municipal |
| 12 | Chichester Park Redevelopment | 2020-21 | ($3.0) | Redevelopment of existing facilities. | Active Reserve Review, subjec to detailed planning | Grants of $0.7m, Reserves $2.3m, Municipal $0.1m. |
| 13 | Warwick Community Facilities | 2020-21 | ($4.3) | Rationalisation of existing 3 buildings | Capital Expenditure to match potential disposal proceeds | Intent is for land proceeds to fund the majority of the capital costs. |
| 14 | Warwick Sports Centre | 2021-22 | ($1.1) | Refurbishment of existing facilities. | Report to Finance Committee April 2017 | Municipal used for small MPP projects |
| 15 | Joondalup Library - major refurbishment | 2022-23 | ($1.3) | Refurbishment | High level estimates only at this stage. | Municipal. |
| 16 | Whitfords Library and Senior Citizens Centre | 2022-23 | ($3.0) | Refurbished library facility at Whitfords | High level estimate of refurbishment | Reserves. |
| 17 | Multi Storey Car Park (2) | 2022-23 | ($17.1) | Second Multi Storey Car Park in City Centre. | Based on capital costs of Reid Promenade Multi Storey Car Park | Parking Facility Reserve |
| 18 | Edgewater Quarry Masterplan | 2023-24 | ($11.8) | “Development of quarry Sale of land estimated to contribute” | Strategy Session 2017, subject to further scoping | Short Term Loans repaid within 2-3 years with land proceeds |
| 19 | Craigie LC - Upgrades Phase 2 | 2024-25 | ($4.9) | Various works to indoor and outdoor areas | Council Report March 2018 | Reserves, if available |
| 20 | Craigie LC - Geothermal Bore - replacement injection bore | 2024-25 | ($1.0) | Replacement of existing bore. | Subject to scoping. | Municipal |
| 21 | Joondalup Performing Arts & Culture Facility/Jinan Gardens | 2027-28 | ($80.3) | New facility to provide for Performing Arts & Culture, includes Jinan Gardens. | Subject to scoping analysis | City contribution $30m funded by Reserves, rest externally funded |
| 22 | Percy Doyle Master-Plan Phase 1 & 2 | 2035-36 | ($96.6) | Development of sporting and leisure facilities at the Percy Doyle Reserve | Report to Strategy 2014 | Reserves. |
| | **TOTAL** | | **($252.2)** | | | |

“#1 Year of Completion for some projects such as the Joondalup City Centre Development relates to last year of Capital Costs included in 20 Year SFP, as opposed to the proposed project completion date
#2 Capital Costs excluding escalation from 2017-18 to 2036-37 $ms, and will exclude costs incurred prior to 2017-18.”

## Supporting Schedule 4: Reserves

| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| **Strategic Asset Management Reserve** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 16.3 | 12.8 | 15.7 | 11.0 | 17.1 | 30.3 | 46.8 | 46.0 | 45.1 | 47.2 | 58.8 | 91.3 | 112.8 | 133.9 | 86.5 | 106.9 | 148.0 | 178.1 | 211.5 | 153.6 | **16.3** |
| Transfer to Reserve | 1.0 | 2.9 | 5.5 | 12.6 | 16.3 | 19.0 | 1.9 | 1.9 | 2.1 | 11.7 | 32.4 | 21.5 | 21.1 | 14.9 | 20.4 | 41.1 | 30.1 | 33.4 | 33.5 | 40.2 | **363.6** |
| Transfer from Reserve | (4.6) | 0.0 | (10.2) | (6.5) | (3.1) | (2.4) | (2.8) | (2.9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (62.3) | 0.0 | 0.0 | 0.0 | 0.0 | (91.4) | 0.0 | **(186.1)** |
| Closing Balance | 12.8 | 15.7 | 11.0 | 17.1 | 30.3 | 46.8 | 46.0 | 45.1 | 47.2 | 58.8 | 91.3 | 112.8 | 133.9 | 86.5 | 106.9 | 148.0 | 178.1 | 211.5 | 153.6 | 193.8 | **193.8** |
| **Sale of Tamala Park Land** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 11.9 | 12.9 | 14.4 | 17.0 | 20.9 | 25.6 | 30.1 | 35.7 | 42.5 | 49.2 | 58.4 | 63.9 | 69.5 | 73.0 | 76.5 | 80.1 | 84.0 | 88.0 | 92.2 | 96.6 | **11.9** |
| Transfer to Reserve | 1.0 | 1.5 | 2.6 | 3.9 | 4.7 | 4.5 | 5.6 | 6.8 | 6.7 | 9.3 | 8.9 | 5.6 | 3.5 | 3.5 | 3.7 | 3.8 | 4.0 | 4.2 | 4.4 | 4.6 | **92.7** |
| Transfer from Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (3.4) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(3.4)** |
| Closing Balance | 12.9 | 14.4 | 17.0 | 20.9 | 25.6 | 30.1 | 35.7 | 42.5 | 49.2 | 58.4 | 63.9 | 69.5 | 73.0 | 76.5 | 80.1 | 84.0 | 88.0 | 92.2 | 96.6 | 101.2 | **101.2** |
| **Joondalup Performing Arts and Culture Facility** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 14.0 | 19.7 | 19.9 | 20.5 | 21.2 | 21.9 | 22.7 | 23.7 | 24.7 | 25.7 | 11.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **14.0** |
| Transfer to Reserve | 5.7 | 0.5 | 0.6 | 0.6 | 0.8 | 0.8 | 0.9 | 1.0 | 1.1 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **12.9** |
| Transfer from Reserve | (0.1) | (0.2) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (15.0) | (11.6) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(26.9)** |
| Closing Balance | 19.7 | 19.9 | 20.5 | 21.2 | 21.9 | 22.7 | 23.7 | 24.7 | 25.7 | 11.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| **Ocean Reef Marina** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Transfer to Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Transfer from Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Closing Balance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| **Capital Works Going Forward** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **8.2** |
| Transfer to Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **4.9** |
| Transfer from Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(13.1)** |
| Closing Balance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |

## Supporting Schedule 4: Reserves

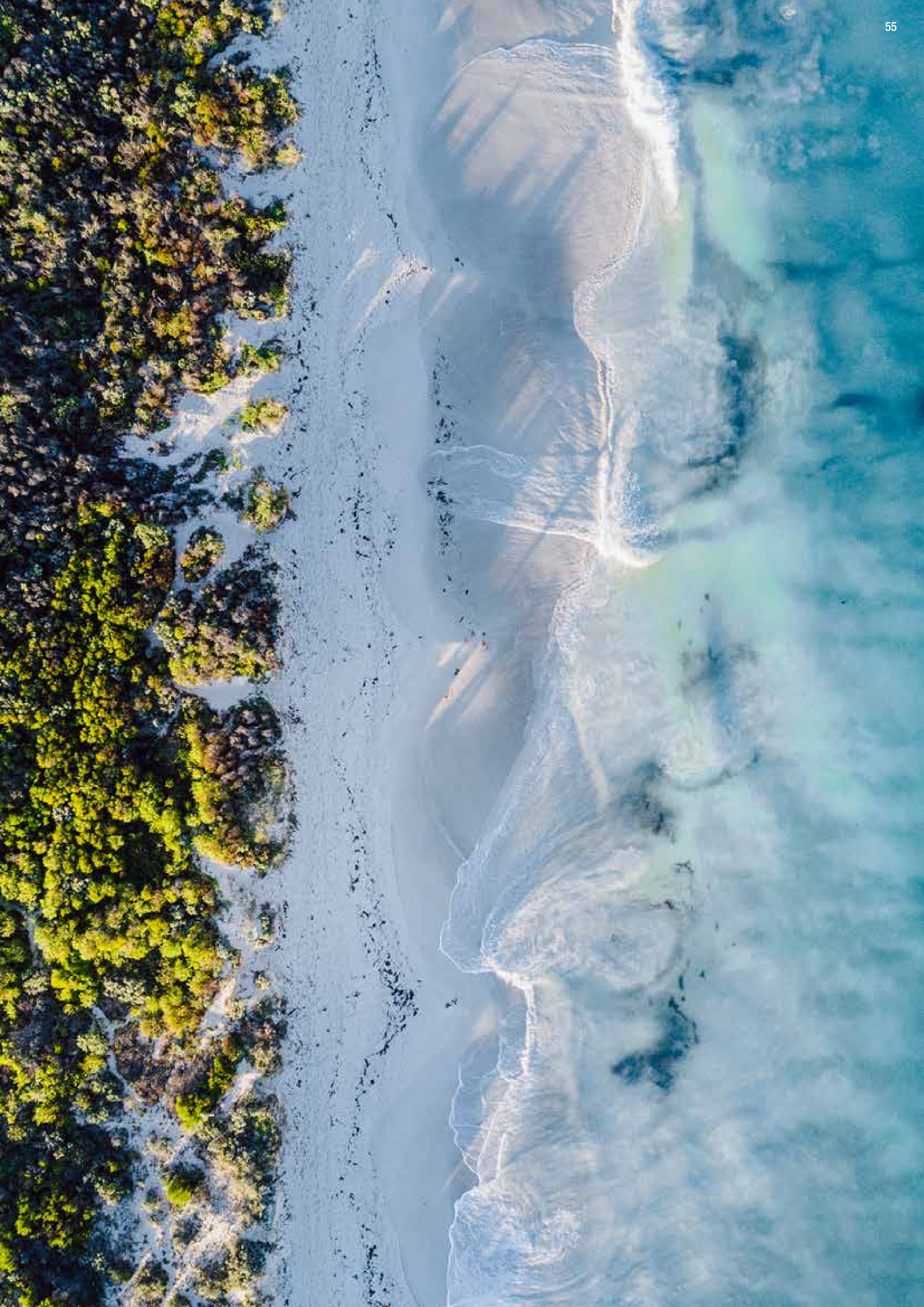
| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| **Waste Management** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 9.9 | 10.7 | 7.5 | 8.1 | 8.8 | 9.6 | 10.4 | 11.3 | 12.2 | 13.3 | 14.4 | 15.7 | 17.0 | 18.4 | 19.9 | 21.4 | 23.1 | 24.9 | 26.8 | 28.8 | **9.9** |
| Transfer to Reserve | 0.8 | 0.6 | 0.6 | 0.7 | 0.8 | 0.8 | 0.9 | 1.0 | 1.1 | 1.1 | 1.2 | 1.3 | 1.4 | 1.5 | 1.6 | 1.7 | 1.8 | 1.9 | 2.0 | 2.1 | **24.8** |
| Transfer from Reserve | 0.0 | (3.8) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(3.8)** |
| Closing Balance | 10.7 | 7.5 | 8.1 | 8.8 | 9.6 | 10.4 | 11.3 | 12.2 | 13.3 | 14.4 | 15.7 | 17.0 | 18.4 | 19.9 | 21.4 | 23.1 | 24.9 | 26.8 | 28.8 | 30.9 | **30.9** |
| **Vehicle and Plants Replacement** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 4.3 | 4.4 | 5.1 | 4.9 | 4.2 | 3.4 | 3.4 | 4.4 | 5.6 | 6.6 | 7.5 | 6.3 | 4.9 | 4.4 | 4.9 | 5.7 | 5.8 | 7.2 | 8.2 | 7.4 | **4.3** |
| Transfer to Reserve | 0.2 | 0.6 | 0.1 | 0.1 | 0.1 | 0.1 | 0.9 | 1.2 | 1.0 | 0.9 | 0.3 | 0.3 | 0.2 | 0.5 | 0.8 | 0.3 | 1.5 | 1.0 | 0.4 | 0.3 | **10.9** |
| Transfer from Reserve | 0.0 | 0.0 | (0.3) | (0.8) | (1.0) | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | (1.6) | (1.7) | (0.7) | 0.0 | 0.0 | (0.2) | 0.0 | 0.0 | (1.2) | (1.5) | **(9.0)** |
| Closing Balance | 4.4 | 5.1 | 4.9 | 4.2 | 3.4 | 3.4 | 4.4 | 5.6 | 6.6 | 7.5 | 6.3 | 4.9 | 4.4 | 4.9 | 5.7 | 5.8 | 7.2 | 8.2 | 7.4 | 6.2 | **6.2** |
| **Non Current LS Leave Reserve** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 1.6 | 1.7 | 1.8 | 1.8 | 1.9 | 2.0 | 2.0 | 2.1 | 2.2 | 2.3 | 2.4 | 2.5 | 2.7 | 2.8 | 2.9 | 3.1 | 3.2 | 3.4 | 3.5 | 3.7 | **1.6** |
| Transfer to Reserve | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.2 | **2.3** |
| Transfer from Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Closing Balance | 1.7 | 1.8 | 1.8 | 1.9 | 2.0 | 2.0 | 2.1 | 2.2 | 2.3 | 2.4 | 2.5 | 2.7 | 2.8 | 2.9 | 3.1 | 3.2 | 3.4 | 3.5 | 3.7 | 3.9 | **3.9** |
| **Public Art Reserve** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 0.1 | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.1** |
| Transfer to Reserve | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.1** |
| Transfer from Reserve | 0.0 | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(0.1)** |
| Closing Balance | 0.2 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |

## Supporting Schedule 4: Reserves

| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| **Section 20A Land** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.1** |
| Transfer to Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Transfer from Reserve | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(0.1)** |
| Closing Balance | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| **Marmion Car Park Reserve** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | **0.2** |
| Transfer to Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.2** |
| Transfer from Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Closing Balance | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 | 0.4 | 0.4 | 0.4 | **0.4** |
| **Cash in Lieu of Parking Reserve** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 1.4 | 1.3 | 1.2 | 1.2 | 1.3 | 1.3 | 1.4 | 1.4 | 1.5 | 1.6 | 1.6 | 1.7 | 1.8 | 1.9 | 2.0 | 2.1 | 2.2 | 2.3 | 2.4 | 2.5 | **1.4** |
| Transfer to Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | **1.5** |
| Transfer from Reserve | (0.2) | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(0.3)** |
| Closing Balance | 1.3 | 1.2 | 1.2 | 1.3 | 1.3 | 1.4 | 1.4 | 1.5 | 1.6 | 1.6 | 1.7 | 1.8 | 1.9 | 2.0 | 2.1 | 2.2 | 2.3 | 2.4 | 2.5 | 2.6 | **2.6** |
| **Trust Fund** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 0.1 | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.1** |
| Transfer to Reserve | 2.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **2.0** |
| Transfer from Reserve | (0.2) | (1.9) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(2.1)** |
| Closing Balance | 1.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| **Minor Reserves** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.1** |
| Transfer to Reserve | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Transfer from Reserve | (0.1) | (0.1) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(0.1)** |
| Closing Balance | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |

## Supporting Schedule 4: Reserves

| | 17/18 | 18/19 | 19/20 | 20/21 | 21/22 | 22/23 | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 | 30/31 | 31/32 | 32/33 | 33/34 | 34/35 | 35/36 | 36/37 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms | $ms |
| **Parking Facility** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 1.5 | 1.5 | 2.1 | 2.8 | 3.7 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 1.8 | 3.1 | 4.5 | 7.9 | 11.6 | 15.5 | **1.5** |
| Transfer to Reserve | 1.1 | 1.6 | 0.8 | 0.9 | 0.9 | 0.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 1.1 | 1.3 | 1.5 | 3.4 | 3.6 | 3.9 | 4.2 | **25.7** |
| Transfer from Reserve | (1.1) | (1.0) | 0.0 | 0.0 | (4.6) | (0.8) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | **(7.5)** |
| Closing Balance | 1.5 | 2.1 | 2.8 | 3.7 | 0.1 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.7 | 1.8 | 3.1 | 4.5 | 7.9 | 11.6 | 15.5 | 19.7 | **19.7** |
| **Total** | | | | | | | | | | | | | | | | | | | | | |
| Opening Balance | 69.6 | 73.4 | 67.8 | 67.6 | 79.4 | 94.3 | 117.2 | 124.8 | 134.0 | 146.1 | 155.2 | 181.6 | 208.9 | 235.3 | 194.7 | 222.7 | 271.1 | 312.2 | 356.6 | 308.4 | **69.6** |
| Transfer to Reserve | 17.0 | 7.8 | 10.3 | 19.0 | 23.6 | 26.1 | 10.4 | 12.1 | 12.1 | 24.0 | 43.0 | 28.9 | 27.1 | 21.8 | 28.0 | 48.6 | 41.0 | 44.4 | 44.5 | 51.8 | **541.7** |
| Transfer from Reserve | (13.2) | (13.4) | (10.5) | (7.2) | (8.7) | (3.3) | (2.8) | (2.9) | 0.0 | (15.0) | (16.6) | (1.7) | (0.7) | (62.3) | 0.0 | (0.2) | 0.0 | 0.0 | (92.6) | (1.5) | **(252.6)** |
| **Closing Balance** | **73.4** | **67.8** | **67.6** | **79.4** | **94.3** | **117.2** | **124.8** | **134.0** | **146.1** | **155.2** | **181.6** | **208.9** | **235.3** | **194.7** | **222.7** | **271.1** | **312.2** | **356.6** | **308.4** | **358.7** | **358.7** |



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